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Supreme Court of the United States

October Term, 1982

CARPET SEAMING TAPE LICENSING CORPORATION,
a Texas corporation,

Petitioner,

vs.

BEST SEAM, INCORPORATED, a California corporation,
Respondent.

CARPET SEAMING TAPE LICENSING CORPORATION,
a Texas corporation,

Petitioner,

vs.

VECTRON INDUSTRIES, INC., a California corporation, and
EUGENE J. TASSE, an individual,

Respondents.

**PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT**

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Questions Presented

1. May the patents of the inventor of a successful, patented invention be held invalid on a claim of earlier invention by another person where the earlier invention was not corroborated and was abandoned without communication to the public or the patentee.
2. Whether, when the claims of the alleged prior inventor are discarded, there was clear and convincing evidence that the patented inventions would have been obvious from the prior art considered by the Patent and Trademark Office when it allowed the patents.

Parties to the Proceedings Below

The parties to the proceedings below are listed in the caption to this Petition.

Petitioner Carpet Seaming Tape Licensing Corporation does not have any subsidiaries or affiliates. It is a wholly owned subsidiary of Laminated Liquidating Company, a Texas corporation, which is itself a wholly owned subsidiary of LDBrinkman Corporation (formerly named Giffen Industries, Inc.), a Florida corporation, having its principal executive offices in Kerrville, Texas.

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PETITION FOR A WRIT OF CERTIORARI

Carpet Seaming Tape Licensing Corporation (hereinafter CSTLC) hereby petitions that a writ of certiorari be issued to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit entered in this litigation.

Opinions Below

The opinion of the Ninth Circuit, which is reproduced in the Appendix, is reported as *Carpet Seaming Tape Licensing v. Best Seam, Inc.*, 694 F.2d 570 (9th Cir. 1982). Earlier proceedings are reported at 616 F.2d 1133 (9th Cir. 1980) and 197 U.S.P.Q. 230 (C.D. Cal. 1977).

Jurisdiction of this Court

The judgment for which review is sought was entered by the Ninth Circuit on December 9, 1982. Petitions for rehearing were filed and the Ninth Circuit entered an Order on February 22, 1983 denying the petitions. Jurisdiction of this Court arises under 28 U.S.C. 1254(1) and 2101(c).

Constitutional and Statutory Provisions Involved

United States Code, Title 35

Section 102. Conditions for Patentability: Novelty and Loss of Right to Patent.

A person shall be entitled to a patent unless—

(g) Before the applicant's invention thereof, the invention was made in this country by another who had not abandoned, suppressed, or concealed it. . . .

Section 103. Conditions for Patentability: Non-obvious Subject Matter.

A patent may not be obtained though the invention is not identically disclosed or described as set forth in Section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been

obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertained. Patentability shall not be negated by the manner in which the invention was made.

Statement of the Case

Statement of the Facts

Carpet Installation Before Burgess

Carpet installation is a major trade. Its practice usually involves not only the placement of carpet into position but also the joining of carpet sections along their edges by seams. The seaming can be performed in two ways, back seaming and face seaming.

In back seaming, the seams are made from the back of the carpet with the carpet sections initially lying face down. After that, the joined carpet sections must be turned over and relaid in the desired position. Turning over and relaying the carpet is an enormous manual job because of the great weight of the joined carpet sections after the seams have been made. Consequently, back seaming is rarely used in an on-site installation (A.F.¹ 18, 197 U.S.P.Q. at p. 233, CR 126:9). In face seaming, the sections of carpet are unrolled at the site directly into their final position with the pile facing up. The edges are then joined by the installer working from the face side of the carpet. Face seaming has the great advantage that the carpet does not need to be relaid after the seams have been made. It is, therefore, the preferred method for on-site installation (A.F. 18, 197 U.S.P.Q. at p. 233, CR 126:9).

¹ Admitted facts, by both parties, during the litigation are reported in the initial trial court decision at 197 U.S.P.Q. 230. They also appear in the Pre-trial Order as admitted facts, CR 126.

Joining of the edges, under either method, was most commonly performed by hand sewing right up to the time of the Burgess inventions (CR 129:4). Unfortunately, sewing is slow, expensive and very laborious (CR 129:4-5).

A liquid adhesive technique for face seaming was developed as an alternative to sewing. In this (A.F. 16, 197 U.S.P.Q. at p. 233, CR 126:9), the carpet sections are laid down in their final position, face up with their edges together, and then the edges are turned back along their entire length. An open weave mesh tape with a paper backing is laid down along the position of the intended seam and liquid latex adhesive is applied along its full length. The edges are then returned to their abutting position along their entire length. The edges are then adjusted manually on the tape in the ten minutes or so before latex adhesive sets to a stage that no longer allows adjustment. The edges are then weighted down and the adhesive must be left to dry for several hours before the carpet can be stretched to complete the job. The wait for the adhesive to dry usually necessitates a return visit by the installer for the final step of removing the weights and stretching the carpet.

The difficulty and slowness of sewing and latex adhesive seaming turned the attention of the carpet installation trade for years to the existence of hot-melt adhesives. Such adhesives are solid at room temperature but can be melted and remelted by the application of heat. On cooling to the point of resolidification, within a few seconds after the removal of the heat, the adhesive forms a bond to a surface to which it was applied while molten. Paradoxically, the rapid bonding presented a puzzle that was to baffle those who tried to achieve hot-

melt seams for more than thirty years. How could hot-melt adhesive be used successfully to join carpet on site when its rapid resolidification left insufficient time to manipulate the edges of heavy sections of carpet?

The hot-melt trail starts in a 1933 patent to Higgins, No. 1,924,551, PX 9. The patent was for a wheeled, liquid adhesive machine, that would be pulled along the junction of two carpet sections, raising their edges by a plow. It would apply liquid adhesive to an unbacked tape that was unrolled from the machine, would feed the tape between the upraised carpet edges and would then press the edges onto the tape by rollers following the plow. The *entire* disclosure concerning the use of heat is in part of one sentence which suggests, as an alternative to liquid adhesive, that "If the tape has been previously coated with an adhesive, it may be rendered tacky . . . by providing means for heating the tape as it is delivered from the machine to render the adhesive surface tacky . . ." No evidence exists that the suggestion for heat seaming appearing in the Higgins' patent was ever used or could ever have been operable.²

Instead, succeeding attempts to find a technique that would enable hot-melt adhesive to be used for carpet seaming turned to back seaming. In 1940, Bigelow-Sanford Carpet Co. filed a patent application which issued as patent No. 2,395,257 to Dildilian, PX 14. Dildilian pro-

² No heating means is shown in the drawings. The proposal to heat the adhesive *before* the tape was positioned under the carpet would have been unworkable for a hot-melt adhesive due to its rapid resolidification and the need to be able to adjust the carpet edges on the tape before it has bonded in the few seconds available. The machine had a further drawback, when it got to a wall, the tape and glue were still a foot away from the wall and incapable of completing the seam (App. A10-A11, fn. 5).

posed an open-weave tape that was precoated with hot-melt adhesive and backed on one side by a barrier. The tape was to be placed over the back sides of two adjacent carpet edges and a heated flat iron would be applied to the barrier side of the tape until the adhesive melted and adhered to the carpet. The barrier was to isolate the iron from direct contact with the adhesive because coating the iron with adhesive was undesirable. For the next three decades, all other proposals how to use hot-melt for carpet seaming followed the Dildilian-Bigelow-Sanford approach of a precoated hot-melt tape using an iron applied to a barrier on the back of the tape to keep the iron from being soiled by the adhesive. These proposals are shown in a 1944 patent to DuPont de Nemours, PX 13, in a 1946 patent to Bigelow-Sanford Co., PX 15, in a 1961 patent to United States Rubber Co., PX 27, and in a 1964 French patent to Dow Chemical Co., DX D and DX E. These suggestions were impractical for on-site use because of the difficulty of manipulating the carpet using a back seaming method (App. A10-A11, fn. 5). More than thirty years after Higgins' suggestion, despite all the intervening proposals, no one could find a successful way how hot-melt adhesive could be used for on-site seaming.

The Burgess Inventions and Their Differences from the Prior Art

The breakthrough was made by Mr. Burgess in 1966 when he devised and perfected his five-step face seaming process. This process is defined in Claim 1 of his patent, U. S. patent No. 3,533,876, PX 2.

In the first step of the Burgess face seaming process, a three-part tape, comprising an open weave mesh, a layer

of hot-melt adhesive, and a barrier is placed beneath the upwardly-facing, carpet edges, with the adhesive sandwiched between the carpet backs and the barrier. In the second step, the installer upwardly bends the carpet edges to separate them, by inserting a hand-held heating iron between the carpet and the tape. In the third step of the process, the installer melts the adhesive, by allowing the iron to rest in position on the tape long enough to melt it. In the fourth step, the separated carpet edges are returned to abutment on the tape, by moving the iron out of the way onto the next adjacent region of the tape. In the fifth step, the installer applies sufficient pressure to the face of the carpet edges to cause the still molten adhesive to flow and wet the backs of the carpet sections. The five-step cycle is then repeated for the next region of the tape, and again and again for each succeeding region, until the installer has worked his way incrementally along the seam to its end.

The Burgess five-step face seaming process differed fundamentally from all previous approaches. Higgins had not conceived of using a tape with a barrier on it, nor of positioning the tape beneath the carpet before the carpet edges were raised, nor of melting the adhesive after the tape had been positioned underneath the carpet edges. Bigelow-Sanford, DuPont, U.S. Rubber and Dow Chemical had taught that back seaming was the way to reconcile the very short molten time of hot melt with the longer time necessary to manipulate the carpet edges into registration for the period of bonding. Further, they had taught that it was necessary to isolate the heating iron directly from the adhesive by a barrier. Mr. Burgess took an opposite approach by placing the iron directly on the adhesive.

Mr. Burgess made two other inventions in the course of inventing his face seaming process. One was the three-part tape itself which is covered by his product patent, No. 3,400,038, PX 1. The three-element hot-melt back seaming tapes had a barrier which was the same width as the mesh and the adhesive, PX 13, 14, 15 and DX D and DX E. The Burgess tape required a barrier wider than the adhesive, in order to protect the padding beneath the carpet from becoming glued to the carpet when the molten adhesive squished to the sides as the carpet was pressed onto the tape. Although this was structurally a small difference from the back seaming tapes, there would have been no reason³ to make it if Mr. Burgess had not invented the face seaming process which made such a tape useful.

Mr. Burgess' further invention was a method for making the three-part tape, which is covered by his method of manufacture patent, No. 3,568,830, PX 3. His method unites the hot-melt adhesive, the open weave tape and the barrier, by depositing the adhesive on the mesh and the barrier along a course having its margins spaced inside the margins of the barrier. The prior hot-melt tape patents involved making sheets of adhesive coated mesh backed by a barrier, followed by slitting the sheets to create tapes having a barrier which was inherently the same width as the adhesive. The prior hot-melt tape making methods would have been incapable of providing a hot-melt tape suitable for face seaming where the barrier must be wider than the adhesive (CR 129:51-54).

³ In a back seaming tape, there is no reason to make the barrier wider than the adhesive because any adhesive which has squeezed out to the sides has long since solidified to a nonadhesive condition by the time the inverted carpet sections are turned over and placed on the carpet padding. To put a wider barrier on the back seaming tape would not only be a pointless added expense, it would also make it harder for the installer to visually center the tape over the junction of the edges while making the seam.

Creation and Success of the Burgess Inventions

In February 1966, Mr. Buzz Powell, a carpet accessories salesman, visited the Burgess carpet store. He brought with him a hand-held, electrically heated glue gun capable of being fed with sticks of Thermogrip brand hot-melt adhesive to extrude it in a molten state. Mr. Powell told Mr. Burgess and the store manager, Mr. Charles Hall, who was with Mr. Burgess, that the glue gun could be used to join carpet by back seaming. Mr. Powell then made a back seam by extruding molten hot-melt onto the backs of two scraps of carpet and pressing an open mesh tape into the adhesive, before it solidified, with the hot-tip of the glue gun (Burgess RT 7-13-77:23-24 and RT 8-6-80:15-18).

The visit sparked Mr. Burgess' interest. He conceived of using an open mesh tape that would be precoated with adhesive and reactivated later with a heating iron to make seams (Burgess RT 7-13-77:24-27). He obtained sticks of adhesive and commenced experimenting in the work room of his carpet store. For two or three months, he experimented with strips of burlap or open mesh tape which he precoated with adhesive by dragging them through a frying pan filled with melted adhesive. In May 1966, it occurred to him to use a paper barrier on his precoated tape to prevent the adhesive from sticking the carpet to the padding (Burgess RT 7-13-77:33). Throughout 1966, he devoted the major part of his time to experimenting with different glues, developing and testing his tapes, and assembling equipment that he could use to manufacture the three-part tape (Burgess RT 7-13-77:34-35).

In January 1967, Mr. Burgess made his inventions public, at the midwinter carpet trade fair in Atlanta (Burgess RT 7-13-77:39). Throughout that year, he took to the road to demonstrate his inventions and promote sales of his tape. The reaction in the trade was astonishing. His sales of hot-melt tape went from zero in January to more than one million feet a month by October, at which time his production ability reached its limit (PX 36 at p. 068, Burgess RT 7-13-77:50). There was widespread and immediate copying of the Burgess inventions by principal competitors in the trade after his public introduction of the inventions in the summer of 1967, including copying by Bigelow-Sanford, Inc., which subsequently took a license under the Burgess patents in 1969, and by Roberts Consolidated Industries, Inc., whose supplier Bruck Industries Inc. also subsequently took a license under the Burgess patents in 1970 (A.F. 39, 197 U.S.P.Q. at p. 235, CR 126:15).

The hot-melt adhesive seaming tape and method disclosed in and claimed in the Burgess patents-in-suit have enjoyed great commercial success and constitute the seaming tape and method of face seaming used in the majority of on-site carpet installations performed in this country (A.F. 40, 197 U.S.P.Q. at p. 235, CR 126:15).

Patenting of the Burgess Inventions

By March 1966, Mr. Burgess' experiments had reached a point where he first decided to secure protection for his ideas (Burgess RT 8-6-80:14). He had an initial patent application⁴ prepared and filed on March 18, 1966. It was for an embryonic version of his face seaming method using an unbacked precoated tape. On December 6, 1966,

⁴ That application ultimately issued as U.S. patent No. 3,415,703, DX B, on December 10, 1968. It is not one of the patents-in-suit and has never had any significant commercial value.

Mr. Burgess filed a second application to secure protection for the perfected versions of his inventions. The Examiner required that the inventions claimed in Mr. Burgess' second application, the method of face seaming using his three-part tape, the tape itself, and the method of making the tape, be divided into three separate applications (A.F. 42, 197 U.S.P.Q. at p. 235, CR 126:16).

During the prosecution of the applications in the Patent Office, Mr. Burgess brought the prior art, including the Higgins patent and Dildilian and other hot-melt back seaming patents, to the Examiner's attention (A.F. 43, 197 U.S.P.Q. at p. 235, CR 126:16-17). The Patent Office determined the Burgess inventions to be patentable over this prior art and allowed the three applications. They issued into the three patents-in-suit, PX 1, 2 and 3.

In 1968, he sold his patents and applications to Giffen Industries, a holding company of which Petitioner is a wholly-owned, lower-tier subsidiary, under an arrangement which provides him with royalties under the patents (Burgess RT 7-13-77:52-53).

Mr. Walters' Claims of Prior Invention

Mr. Walters is the part owner of a carpet store at LaGrange, Georgia. By his account, he had obtained a Thermogrip glue gun and started experimenting with it in January 1966 for joining sections of carpet. He had back seamed sections of carpet by extruding molten adhesive from the glue gun onto the carpet backs and pressing an open weave tape into the adhesive, before it resolidified. He had also made some precoated hot-melt tapes, comprising an open mesh tape embedded in a layer of hot-melt with a paper backing on one side, with which he had experimented by back seaming them to the backs of

carpets with an iron. He also described a single on-site installation of carpet, by back seaming using a glue gun to extrude hot-melt onto the carpet backs and an open mesh tape, at a golf shop in Warm Springs, Georgia (Walters 8-6-80:57 and 9-2-80:93).

Mr. Walters described a visit by Buzz Powell to his carpet store in February 1966. He showed Powell the use of hot-melt adhesive and a glue gun for joining carpets. Mr. Powell, by deposition, testified that he paid his previously-described visit to Mr. Burgess on the day after he met with Mr. Walters. Petitioner does not deny that these back seaming activities claimed by Mr. Walters are corroborated.

Mr. Walters, however, made a further claim to have face seamed with a precoated tape by prepositioning the tape beneath upwardly facing sections of carpet and remelting the adhesive on the tape by use of the heated tip of the glue gun (Walters RT 9-2-80:65-66).

The Ninth Circuit correctly held that Mr. Walters' claim to have face seamed with a precoated tape was uncorroborated (App. A14). Mr. Powell did not remember Mr. Walters disclosing face seaming with a precoated tape to him (DX DV:21). Mr. Walters' credibility on his claim to have face seamed is impeached by his reliance on a falsified date of notarization on a document⁵ he produced to support his tale.

⁵ Mr. Walters advanced in support of his claim a memorandum bearing a date of February 28, 1966, DX CQ. He testified that it was notarized on the date it bore by his business partner, Mr. Lester (Walters RT 9-2-80:80-81). Official records, however, establish that Mr. Lester was not a notary as early as February 1968, PX 168. This document, in any event, only describes back seaming.

Mr. Walters' experiments were never communicated to the public. He performed them in the basement of his carpet store, not the public areas. He never applied for a patent on his hot-melt seaming idea, never had any articles on it published, never gave any demonstrations of his hot-melt seaming work and never contacted newspapers or installation trade magazines to communicate his work to the public (Walters RT 9-2-80:91-92). After five months, he ceased his experiments and never resumed them (Walters RT 9-2-80:91).

Mr. Walters face seaming with precoated tapes was never communicated to Mr. Burgess, as the Ninth Circuit correctly held (App. A15). Mr. Burgess described Mr. Powell's disclosure to him as being only of back seaming two strips of carpet with a Thermogrip glue gun and a strip of open-weave tape with no mention of face seaming or precoated tapes (Burgess RT 8-6-80:17). Mr. Burgess is corroborated by Mr. Hall who was present, PX 169.

Proceedings Below

The cases were consolidated for trial. Both Defendants admitted infringement (A.F. 64-92, 197 U.S.P.Q. 237-239, CR 126:24-32). The issues for trial were validity and enforceability. Trial commenced in 1977 before Judge Real of the United States District Court for the Central District of California. Judge Real has a lifetime judicial record of having decided twelve patent cases referred to in reports in which he had adjudicated the validity of twenty patents and found all twenty invalid (App. A67).

At the conclusion of Petitioner's case, Defendants moved to dismiss under Rule 41 on the grounds that the Burgess patents were invalid and unenforceable because of fraud on the Patent Office and patent misuse involv-

ing the licensing of the patents. Judge Real granted the motion. Instead of making his own findings, he adopted the findings of fact and conclusions of law submitted by the Defendants in their entirety. They constitute the reported opinion which appears at 197 U.S.P.Q. 230.

The Ninth Circuit reversed the judgment, in its first Opinion, 616 F.2d 1133 (1980). The Ninth Circuit found there was no support for the fraud defense or for the defense based on misuse and remanded the case for further trial.

Trial was resumed in August 1980. In addition to repeating their fraud and misuse defenses, Defendants advanced three new defenses, laches, derivation and obviousness. Judge Real ruled for the Defendants. Again, he fully adopted, apparently with little review,⁶ Defendants' findings of fact and conclusions of law on every defense they advanced including those on which he had already been reversed.

On the second appeal, the Ninth Circuit found that the defenses based on fraud, patent misuse, derivation and laches were without any factual or legal support and reversed the trial court. The Ninth Circuit also disagreed with the basis on which the trial court had found the Burgess patents obvious, namely the prior patents cited by the Examiner in the light of the Powell demonstration of back seaming. Pointing out the error in Judge Real's basis for obviousness, the Ninth Circuit held,

⁶ Judge Real adopted, for example, findings which contradict each other on important issues. In Finding 110N (App. A33), he found Walters' installation of carpet at Warm Springs had been performed by face seaming. In Finding A151c (App. A49), he found it had been performed by back seaming.

"Moreover, there is no factual support for the conclusion that the Burgess invention than other prior art that was fully disclosed to the patent examiner; on the contrary, it appears less pertinent than the use of precoated three-layer hot-melt tape for back seaming carpet, for example, that was disclosed in the Dildilian-Bigelow-Sanford patent." (App. A12-A13, fn. 6).

However, the Ninth Circuit proceeded to find its own basis to hold the Burgess patents invalid, as follows,

"The trial court did make another finding as to the prior art, however, that is directly relevant to the issue of obviousness. The trial court found that Walters had, in the course of his experiments with Thermogrip, made up precoated tapes and used them both for back seaming and face-seaming. It cannot be said that this finding is clearly erroneous, because the trial court had the opportunity to hear testimony from Walters and other witnesses and was free to conclude that Walters' version of the events was the most credible, even though Walters' testimony was only partially corroborated. Although the trial court did not expressly rely upon this finding in concluding that Burgess' invention was obvious, Walters' practice of back seaming and face seaming precoated tapes is clearly pertinent prior art sufficient to rebut the presumption that the Burgess patents were valid, and together with the other evidence noted above, supports the conclusion that the invention is obvious." (App. A12-A13, fn. 6 continued).

ARGUMENT

I. Treating an uncorroborated claim of prior invention, abandoned without communication to the public, as prior art against a later independent inventor creates a conflict in the law of prior uses and undermines the patent incentive.

The Ninth Circuit treated the claim of Mr. Walters to have face seamed with a precoated three-element tape as prior art which provided the crucial step beyond the cited prior art necessary to provide a basis for finding the Burgess inventions obvious. The Ninth Circuit overlooked that, while Mr. Walters' face seaming experiments with precoated tapes would have been available against Mr. Burgess for the purposes of the derivation defense under 35 U.S.C. 102(f) if they had been communicated to him, they were not available against him as prior art under 35 U.S.C. 102(g) and 103 after the derivation defense failed. There is a fundamental reason for this distinction between derivation and prior art. One who merely copies an invention from the true inventor is not himself an inventor at all and the patent law has no reason to protect him. By contrast, a second inventor who made his invention independently is a true inventor. The patent laws may protect him if the first inventor's claim is uncorroborated or if the first inventor had abandoned his invention without communicating it to the public.

The Ninth Circuit explicitly held that Walters' testimony that he used precoated tapes to face seam was uncorroborated (App. A15). Yet, the courts have always held corroboration to be essential to sustain a defense of prior use by a self-proclaimed prior inventor. *Smith v. Hall*, 301 U.S. 216, 57 S.Ct. 711 (1937); "The Barbed

Wire Patent Case", 143 U.S. 275, 284-85 (1892); *Cold Metal Products Co. v. E. W. Bliss Co.*, 285 F.2d 244, 247 (6th Cir. 1960); *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69, 75 (U.S. Ct. Cl. 1977). As this Court pointed out in *Smith v. Hall*, referring to oral testimony of a claimed prior user in Brooklyn to have practiced a method for incubating eggs patented by a later inventor Smith,

"This oral testimony, if taken at its face value, would show that the Smith method was used in the Brooklyn incubator with eggs in staged incubation. But without corroboration, it is insufficient to establish a prior use (citations)." (57 S.Ct. at p. 714).

It is insufficient for the Ninth Circuit to say that Mr. Walters' testimony was "partially corroborated" (App. A12-A13, fn. 6) while finding that it was uncorroborated on the crucial question of whether Mr. Walters had face seamed with precoated tapes (App. A15). The Ninth Circuit's abandonment of the law demanding corroboration would increase the vulnerability of patents to the claims of any self-proclaimed prior inventor who emerged from obscurity to claim credit for a successful patented invention. Inventors faced with this risk would correctly perceive the incentive provided by patents to be severely weakened.

Even if Mr. Walters' claims to have face seamed with a precoated tape had been corroborated, his experiments would still not constitute prior art against Mr. Burgess. It has been the uniform law that an earlier invention, which has been abandoned without communication to the public, should not deprive a later independent inventor of his patent, *Gayler v. Wilder*, 51 U.S. 477 (1850); *Mason v. Hepburn*, 13 App. D.C. 86, 93-96 (D.C. Cir. 1898); *Gillman v. Stern*, 114 F.2d 28, 31 (2nd Cir. 1940), cert.

denied, 311 U.S. 718 (1941); *International Glass Co. v. United States*, 408 F.2d 395, 403 (U.S. Ct. Cl. 1969); *Skil Corp. v. Cutler Hammer, Inc.*, 412 F.2d 821, 825 (7th Cir. 1969). In this case, Mr. Walters abandoned his experiments by May 1966 and made no effort to communicate them to the public. Under such circumstances, abandonment follows as a conclusion of law. As the Court of Claims held in *International Glass Co., supra*,

"The evidence is clear that Sciaronni in 1946 and Speck in 1950 conceived and reduced to practice the ice-chuck process substantially like the Boeing process here in issue. The question remains, however, whether they abandoned, suppressed or concealed their process within the meaning of section 102(g). The courts have consistently held that an invention, though completed, is deemed abandoned, suppressed, or concealed if, within a reasonable time after completion, no steps are taken to make the invention publicly known. (citation) Thus, failure to file a patent application (citation); to describe the invention in a publicly disseminated document (citation); or to use the invention publicly (citation) have been held to constitute abandonment, suppression or concealment. (citations) Neither Sciaronni, Speck, nor anyone else at McDonnell took steps, after 1946 or 1950, to make public the results of their ice-chuck process. Their work lay dormant, did not enrich the art, and thus 'remained secret, effectively concealed and suppressed until exhumed by ** (defendant) for the defense of this case.' (citation) Defendant therefore has failed to make out a defense under 35 U.S.C. Sec. 102(g)." (408 F.2d at pp. 403-404).

The law that an identical prior invention is unavailable as prior art against a later inventor of the same thing, where it was unknown to the later inventor and the art, applies *a fortiori* for a prior invention that was less than identical and from which it must be argued that the later

invention would have been obvious. As the Court of Customs and Patent Appeals held in *In re Clemens*, 622 F.2d 1029 (C.C.P.A. 1980):

"To the contrary, where this other invention is unknown to both the applicant and the art at the time the applicant makes his invention, treating it as 35 U.S.C. Section 103 prior art would establish a standard for patentability in which an applicant's contribution would be measured against secret prior art. Such a standard would be detrimental to the innovative spirit the patent laws are intended to kindle." (622 F.2d at pp. 1039-1040).

The Ninth Circuit's expansion of prior art to include experiments abandoned without communication to the public would weaken the confidence of inventors in the strength of the protection available from a patent. In this case, Mr. Burgess did everything that the patent laws are intended to provide an incentive for an inventor to do. He devoted himself to perfecting his inventions until they were so successful that they revolutionized the industry in which he worked. He filed promptly for a patent and disclosed his inventions to the public which has benefited enormously from his disclosure. Mr. Walters' efforts, by contrast, benefited no one and were given up after about five months without any effort to make them public. To deprive Mr. Burgess of his patents on the inventions which he brought to success because of the abandoned work of Mr. Walters would subvert the very purpose of a patent system.

II. When the claims of the alleged prior inventor are discarded, there is no basis for finding the patented inventions obvious.

The prior art most heavily relied upon by the trial court to hold the Burgess patents obvious constituted the Higgins patent and the Dildilian-Bigelow-Sanford patent, both cited by the Patent Examiner (App. A10-A11, fn. 5). The additions to the cited prior art that trial provided were the Powell disclosure of back seaming to Burgess with a glue gun and unbacked tape and the claims of Mr. Walters. As the Ninth Circuit correctly held, the Powell back seaming disclosure is no more relevant to the claimed Burgess inventions than the Dildilian-Bigelow-Sanford patent (App. A10-A11, fn. 5). Thus, when the face seaming claims of Walters are discarded, for the reasons stated in the previous section, the trial produced no prior art more relevant than the Higgins and Dildilian-Bigelow-Sanford patents considered by the Patent Office.

Accordingly, the Burgess patents are entitled to the statutory presumption of validity which is based upon the expertise of the Patent and Trademark Office acting within its sphere of competence, *Neff Instrument Corp. v. Cohu Electronics, Inc.*, 298 F.2d 82, 86 (9th Cir. 1961). It was Defendants' burden to present "clear and convincing evidence" that the Patent Office erred in finding that the Burgess inventions would not have been obvious in 1966 from the cited prior patents to one of ordinary skill in the art at that time, *Santa Fe-Pomeroy, Inc. v. P & Z Co.*, 569 F.2d 1084, 1091 (9th Cir. 1978).

The level of ordinary skill in the art was found by the trial court to be "... that of persons knowledgeable in carpet installation techniques and products at the problem-solving level" (App. A10). Mr. McPherson, Plain-

tiff's expert witness, had had more than thirty years of experience by 1966 at every level of the carpet installation trade (CR⁷ 129:1-4). His career extended from journeyman to installer to work room superintendent to technical services manager of the largest installation products company in the world (CR 129:1-4). He had been a contributor to trade journals on installation products and was the 1968 winner of the installation industry's "Golden Hands" award. He was himself an inventor holding patents in the carpet installation field (RT 7-20-77:246-47). Mr. Stamm, a third party witness, had been the owner of a sizeable carpet installation business in Atlanta with over twenty years of experience by 1966 at the problem-solving level, PX 78, pp. 6, 10-11, 19. Mr. Lee, another third party witness, had had over a decade of experience in the carpet installation products trade at the problem-solving level by 1966, PX 79, pp. 11-12, 20-22. Each of them testified that the Burgess inventions would not have been obvious in 1966 at their level (McPherson CR 129:44-46 and 54; Stamm PX 78, p. 16; Lee PX 79, p. 35). Even Defendant's President, Sigmund Weiss, a man with years of experience in hot-melt adhesives by 1966 and some background in latex seaming tapes, confessed that it had not been obvious to him how hot-melt could be used for carpet seaming until it was explained to him (Weiss RT 7-21-77:395). There was no contrary evidence at trial on the issue of obviousness from any persons qualified in carpet installation at the problem-solving level.

Ignoring this evidence, Judge Real found the Burgess inventions obvious. He made no independent fact finding but instead simply adopted the findings submitted by admitted infringers. A judge's hindsight opinion as to

⁷ Pursuant to Judge Real's local rule, direct testimony of expert witnesses was presented in writing filed in advance of the trial.

what would have been obvious to him, a judge, moreover, that has held twenty out of twenty patents invalid (App. A67), should not displace uncontroverted evidence of lack of obviousness at the time from those who actually had experience in the trade. As Judge Learned Hand observed in *Reiner v. I. Leon Co.*, 285 F.2d 501 (2nd Cir. 1960), referring to the obviousness test of Section 103:

"The test laid down is indeed misty enough. It directs us to surmise what was the range of ingenuity of a person 'having ordinary skill' in an 'art' with which we are totally unfamiliar; and we do not see how such a standard can be applied at all except by recourse to the earlier work in the art, and to the general history of the means available at the time. To judge on our own that this or that new assemblage of old factors was, or was not, 'obvious' is to substitute our ignorance for the acquaintance with the subject of those who were familiar with it." (285 F.2d at 503).

Judge Hand then proceeded to identify various subtests, which he referred to as "signposts," that could assist in the determination of obviousness. Judge Hand's subtests were referred to with approval as being particularly susceptible to judicial treatment in *Graham v. John Deere*, 383 U.S. 1, 35-36, 86 S.Ct. 684 (1966). Judge Hand observed,

"There are indeed some sign posts: e.g. how long did the need exist; how many tried to find the way; how long did the surrounding and accessory arts disclose the means; how immediately was the invention recognized as an answer by those who used the new variant?" (285 F.2d at p. 504).

All these signposts are present here. The need to find a way to use hot-melt for on site seaming had existed for more than thirty years, ever since Higgins had drawn at-

tention to the possibility of heat seaming. The surrounding and accessory arts had long disclosed the means, hot-melt adhesive, tapes for carpet seaming, and the technique of face seaming. Many had tried to find the way, including Bigelow-Sanford Carpet Co., E. I. DuPont de Nemours and Co., United States Rubber Co. and Dow Chemical Co. Immediate recognition of the invention as an answer by those who used it is admitted (A.F. 39 and 40, 197 U.S.P.Q. at p. 235, CR 126:15). It is an extra signpost that Mr. Burgess took an opposite approach to the teachings of the prior patents that the heating iron should be kept out of contact with the adhesive by placing the iron directly on it. *United States v. Adams*, 383 U.S. 39, 86 S.Ct. 708, 714-715 (1966).

The Ninth Circuit paid no attention to these signposts or to the direct evidence of unobviousness. Instead, although it had found every other defense entered by Judge Real was without factual or legal support, although it had criticized him in both appellate opinions for his failure to engage in fact finding himself, and although it had been advised of Judge Real's record of having invalidated every patent that has ever come before him, the Ninth Circuit gave greater weight to Judge Real's signing of the findings of obviousness submitted to him by admitted infringers.

Conclusion

The central question "Why were the Burgess inventions obvious?" lies unanswered in this case. The Ninth Circuit reasoned that his inventions would become obvious from the cited art if that art is supplemented by the uncorroborated, abandoned and secret experiments of Mr. Walters. Yet in doing so, the Ninth Circuit provided no answer why it abandoned the basic patent law of more than one hundred years that rejects abandoned and secret work as prior art and demands corroboration.

It is an issue of vital importance to the patent law to have an early determination from this Court whether the realm of prior art against the patents of successful inventors is to be expanded to include uncorroborated, publicly unknown, and abandoned instances of prior invention.

There is, in addition, an important human consideration. The Burgess inventions have revolutionized the installation trade and made fortunes for those who have copied them. His inventions have improved the working lives of thousands of installers by freeing them of the tiring drudgery of hand sewing long seams day after day. Yet, Mr. Burgess has been deprived of the reward he could have expected under his patents from the trade which he has so enriched by his inventions. The flawed holding of obviousness that has done this will shortly be beyond correction unless this Court exercises its power of review.

Accordingly, Petitioner respectfully seeks issuance of this Court's writ.

Respectfully submitted,

LAURENCE H. PRETTY
Attorney for Petitioner

APPENDIX

Opinion of the Court of Appeals for the Ninth Circuit

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Nos. 80-6069, 80-6070, 80-6071, 80-6072.
D.C. No. 76-2738-R.

CARPET SEAMING TAPE LICENSING CORPORATION,

*Plaintiff-Appellant,
Cross-Appellee,*

vs.

BEST SEAM, INCORPORATED, *Defendant-Appellee.*

CARPET SEAMING TAPE LICENSING CORPORATION,

*Plaintiff-Appellant,
Cross-Appellee,*

vs.

VECTRON INDUSTRIES, INC. and EUGENE J. TASSE,

*Defendants-Appellees,
Cross-Appellants.*

Appeal from the United States District Court
for the Central District of California
Manuel R. Real, District Judge, Presiding
Argued and Submitted January 14, 1982.

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Before: CHAMBERS and TANG, Circuit Judges, and
ORRICK,* District Judge.

ORRICK, District Judge:

This case, which involves the validity and enforceability of certain patents on products and processes used in seaming carpets, is before this court for the second time. In the first trial, the trial court held the patents-in-suit to be invalid and unenforceable on two grounds: fraud in the procurement of a patent not in suit, which rendered the patents-in-suit invalid under the doctrine of "unclean hands," and patent misuse and violations of the anti-trust laws.¹ On appeal, this court reversed the trial court's decision and remanded the case for further proceedings on the grounds that the record was not developed fully enough to allow this court to determine the points of law upon which the judgment rested, and that the trial court had failed to articulate and apply the

* Honorable William H. Orrick, United States District Judge for the Northern District of California, sitting by designation.

¹ *Carpet Seaming Tape Licensing Corp. v. Best Seam, Inc.*, 197 U.S.P.Q. 230 (C.D. Cal. 1977). The sole issue at the first trial was the validity and enforceability of the patents, the parties having stipulated in advance to the fact of infringement if the patents were found to be valid and enforceable. At the conclusion of appellant's case-in-chief the trial judge, pursuant to Federal Rule of Civil Procedure 41(b), granted appellees' motion to dismiss on the grounds that the patents-in-suit were invalid and unenforceable, and, therefore, that upon the facts and the law appellant had shown no right to relief.

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proper legal standards in assessing the presence of fraud, patent misuse, and antitrust violations.²

On remand, following a second trial, the trial court again held the patents-in-suit to be invalid and unenforceable on the basis of the same defenses relied upon in its prior decision, and also on the basis of four new defenses: (1) the inventions protected by the patents were "obvious" from the prior art, (2) the inventions were derived from the work of a third party, (3) the failure to disclose to the Patent Examiner the source from which the inventions were derived was fraud, and (4) the patent infringement suits against appellees were barred by laches. The trial court denied appellees' motion for attorneys' fees under 35 U.S.C. §285, finding that this was not an "exceptional case" warranting such an award.

Appellant challenges the trial court's rulings with respect to each of the defenses, and cross-appellants challenge the trial court's denial of their motion for attorneys' fees as an abuse of discretion.

For the reasons stated below, we affirm the judgment of the trial court that the patents-in-suit are invalid because they are obvious from the prior art. We reverse the rulings of the trial court with respect to the other defenses, however, finding those rulings to be wholly

² *Carpet Seaming Tape Licensing Corp. v. Best Seam, Inc.*, 616 F.2d 1133 (9th Cir. 1980). In conjunction with this point, we noted that Rule 41(b) motions should be granted only in clear cases, and that in the interest of obtaining a full and complete record for both the trial and the appellate court, it is generally advisable to put the defendant to its proof and to decide the case after all the evidence has been adduced.

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without support in the law or the evidence. Finally, we affirm the denial of appellees' motion for attorneys' fees under 35 U.S.C. §285 as properly within the discretion of the trial court.

I

Appellant, Carpet Seaming Tape Licensing Corporation ("Carpet Seaming"), a Texas corporation which is the exclusive licensee under the three patents originally issued to Charles Burgess, brought these patent infringement actions against appellees, Best Seam Incorporated ("Best Seam"), a California corporation making and selling hot-melt adhesive carpet seaming tape, Vectron Industries, Inc. ("Vectron"), another California corporation also making and selling hot-melt adhesive carpet seaming tape, and Eugene Tasse, the President of Vectron and, with his wife, the owner of all its stock. The patents-in-suit cover the products and techniques utilized in a hot-melt face-seaming process for installing carpet, which may be briefly described as follows.

The method for seaming carpets most accepted today is a face-seaming process using a hot-melt adhesive tape. Carpet sections are positioned pile-side-up on the floor, and the edges to be joined are rolled back just far enough to allow placement of the tape beneath the seam. The adhesive which is in solid form on the tape is then melted, and the carpet edges pressed down upon it for bonding as the adhesive resolidifies. This system has largely supplanted sewing as well as back-seaming (a process in which carpet sections are turned pile-side-down, and the seaming work is performed on the back of the

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carpet) since it allows the work to be done quickly and without the need for moving cumbersome sections of the carpet once they have been positioned as the installer desires.

The tape utilized in this process is composed of three elements. The upper-most element is a layer of hot-melt adhesive. Hot-melt adhesive is solid and nonadhesive at room temperature. When heated, it becomes molten and forms a bond that it retains when cooled and resolidified. During the manufacturing of the tape, the adhesive layer is bonded to the second element of the tape, a layer of synthetic mesh that lends the tape strength. The seaming process actually involves the bonding of two pieces of carpet to this single strip of mesh. The final element of the tape is a paper barrier that prevents the adhesive layer from bonding to whatever lies beneath it when it is heated.

In March, 1966, Burgess, after consultation with his patent attorneys, applied for and received a patent ("703"), which is the "parent" of the three patents-in-suit, and which disclosed the process described above, using a two-element tape, without a paper barrier layer. In December, 1966, Burgess filed a continuation-in-part application, disclosing the same process, but using a composite three-element tape incorporating a barrier web ("876"), the structure of the tape ("038"), and a method for producing the tape ("830"). In January, 1968, Burgess sold his business and the pending applications to Giffen Industries, Inc. ("Giffen"), which subsequently transferred them to appellant. Besides obtaining exclusive licenses for the Burgess patents, appellant also

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obtained exclusive licenses for the so-called "Clymin" and "Winkler" patents, which disclosed certain improvements on the Burgess "038" patent.³

Much of the evidence introduced at the second trial pertained to the source of Burgess' idea of utilizing a hot-melt adhesive for face-seaming carpet, and in particular the role of one Buzz Powell and one Robert Walters in introducing Burgess to the properties of Thermo-Grip, a new thermo-plastic adhesive. In February, 1966, Buzz Powell, a carpet accessory salesman, called on Burgess, who was then the owner of a carpet store and installation business in Macon, Georgia. Powell showed Burgess a hot-melt adhesive, Thermo-Grip, and a gun for dispensing the adhesive that had recently been developed by The United Shoe Machinery Company. Powell also informed Burgess that Robert Walters, manager of a carpet store in La Grange,

³ The Clymin patent, issued to Conso Engineering Company ("Conso"), a subsidiary of Consolidated Foods Corporation, in 1969, disclosed a three-element tape containing a layer of spaghetti-like tracks of hot-melt adhesive which run together upon melting to form a sheet, thus providing the installer with a quick visual index for gauging adequate heating of the adhesive. The Winkler patent, issued to Bruck Industries, Inc. ("Bruck") in 1973, disclosed a three-element tape in which embossed ribs of solidified adhesive, joined at their base regions by a thin layer of adhesive, extend continuously on the tape.

In 1976, following several years of litigation between Giffen, Conso, and Bruck, a settlement agreement was reached pursuant to which Giffen formed Carpet Seaming Tape Licensing Corporation, the appellant corporation herein, and received exclusive licenses under the Burgess, Clymin, and Winkler patents. The history of the litigation and the terms of the settlement agreement are more fully set forth in this court's earlier opinion. *Carpet Seaming*, *supra* note 2, 616 F.2d at 1136-37 nn.1-2.

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Georgia, had explained and demonstrated to Powell various possible applications of Thermo-Grip for use in seaming carpet. The question of precisely what it was that Walters demonstrated to Powell and what Powell subsequently communicated to Burgess is disputed; it is clear, however, that at the least, Powell showed Burgess how to back-seam carpet using Thermo-Grip and a glue gun, by extruding molten adhesive from the gun along the back side of the carpet and then pressing a burlap strip onto the adhesive.

At the conclusion of the second trial, the court again entered judgment for appellees, holding the patents-in-suit invalid and unenforceable on the basis of the same fraud and misuse defenses as before, and also on the grounds that (1) the inventions were "obvious" over the prior art, (2) the inventions were derived from the work of a third party, (3) the failure to disclose to the Patent Officer the source from which the inventions were derived was fraud, and (4) the suits against appellees were barred by laches.

In support of its decision, the trial court set forth consolidated findings of fact and conclusions of law consisting of the same findings and conclusions relied upon in its prior decision, and of amended further findings of fact and conclusions of law taken virtually *in toto* from the proposed findings of fact and conclusions of law submitted by the appellees.⁴

⁴ In our earlier opinion, we stressed the importance of accurate and independent fact finding by the trial judge, and admonished the court below not to rely mechanically upon findings of fact submitted by the parties. *Id.* at 1137-38 n.3.

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II

We affirm the ruling of the trial court that each of the patents-in-suit are invalid for obviousness under 35 U.S.C. §103, and the standards enunciated in *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

It is clear that a patent cannot issue if the invention would have been obvious to a person of ordinary skill in the relevant art at the time the invention was made. 35 U.S.C. §103. The Supreme Court in *Graham* set forth a three-part factual inquiry to guide the courts in determining whether an invention is obvious. Under the *Graham* analysis, the trier of fact must determine (1) the scope and content of the prior art, (2) the differences between the prior art and the claims at issue, and (3) the level of ordinary skill in the pertinent art. *Id.* at 17. The court also indicated that "secondary considerations," such as commercial success, long-felt need, and the failure of others to develop a solution, may be relevant. Although the obviousness of an invention is ultimately a question of law, subject to our independent review, the factual findings made by the trial court pursuant to the *John Deere* analysis must be upheld by the appellate court unless they are clearly erroneous. *Sarkisian v. Winn-Proof Corp.*, 688 F.2d 647 (9th Cir. 1982). Finally, it should be noted that although a patent is ordinarily presumed valid, and this presumption can be rebutted only by clear and convincing evidence, where the obviousness of a patent is in issue and the applicant fails to disclose pertinent prior art, the presumption disappears, unless the undisclosed prior art is merely cumulative of the cited art. See *Carson Mfg. Co. v. Carsonite Int'l Corp.*, 686 F.2d 665, 667 (9th Cir. 1981), *supra*, slip. op. at 3.

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The trial court first found that Powell's demonstration of back-seaming using Thermo-Grip and a glue gun constituted pertinent prior art, and that Burgess' failure to disclose the Powell demonstration to the Patent Examiner made it impossible for the Examiner to assess the obviousness of Burgess' inventions and rebutted the presumptions that the patents were valid. The trial court then went on to perform the factual analysis required by *John Deere*, and concluded that Burgess' inventions simply combined various elements known in the prior art, in a manner which would have been obvious to a person of ordinary skill in the art who was acquainted with the superior qualities of Thermo-Grip.

With regard to appellant's contention that the trial court erred in not adequately distinguishing between the different claims asserted in the three patents-in-suit, it appears from examination of the findings and the record that, although the court did not make three separate and distinct analyses of the prior art applicable to each patent, its analyses and its findings adequately addressed each of the claims made by the patents, particularly in view of the fact that the three patents were issued under later-filed divisional applications of the "parent" patent and the elements of the three claims were closely intertwined. Moreover, this circuit has indicated that although strict adherence to the *Graham* analysis is necessary, it is not essential that the court make detailed and explicit findings as to every pertinent fact so long as examination of the findings made and of the record as a whole shows that the judge has grappled with the critical issues underlying the determination of obviousness.

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Mollura v. Miller, 609 F.2d 381, 383 (9th Cir. 1979), cert. denied, 446 U.S. 918 (1980); *National Lead Co. v. Western Lead Products Co.*, 291 F.2d 447, 451 (9th Cir. 1961).

The trial court found that the level of ordinary skill in the art was that of persons knowledgeable in carpet installation techniques and products at the problem-solving level. As to the process patent, the court found that the use of a three-layer hot-melt tape for back-seaming, and the use of liquid latex poured onto a tape for face-seaming, were old in the art, and that the use of a hot-melt tape for face-seaming, though never practiced, had been suggested in the prior art. As to the tape patent, the court found that all of the elements claimed in the tape patent were found in the prior art, though not in the exact combination proposed by Burgess: the art disclosed composite, three-layer hot-melt tapes, and the art disclosed two-layer tapes, that were not precoated with adhesive, but that did possess the feature of a barrier layer wider than the scrim, as claimed in the Burgess patent. From this analysis the court concluded that all Burgess had done was to combine old elements of the art for a purpose that would have been "obvious" to anyone familiar with the properties of the new Thermo-Grip adhesive.⁵ The court considered the conflicting testimony

⁵ In making these findings, the trial court relied heavily on two earlier patents, the so-called Higgins and Dildilian-Bigelow-Sanford patents. The Higgins patent disclosed a method of face-seaming with a liquid adhesive whereby a wheeled machine supporting a roll of unbacked binding tape would apply liquid adhesive to the tape as it was delivered from the machine, feed the tape between the upraised carpet edges, and press the carpet edges onto the tape. The Higgins

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of persons knowledgeable in the art as to whether Burgess' combination was "obvious," and was apparently not convinced by assertions that the invention was not obvious simply because no one had thought of combining these elements previously. The trial court also rejected Burgess' contention that the use of a specially-shaped iron (which was never offered for patenting) and the fact that Burgess was not afraid to soil the iron by placing it in direct contact with the adhesive constituted patentable invention.

Recent decisions in this circuit evaluating combination patents—patents that combine various elements each of which are already disclosed in the prior art—indicate that such patents are subject to particularly close scrutiny for obviousness, because a patentable invention is less likely to be found in a combination of known elements. See, e.g., *Sarkisian, supra*. Moreover, the fact that such a patent achieves great commercial success has not been regarded as convincing evidence of patentability. See, e.g., *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976) (com-

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patent also suggested that instead of liquid adhesive, the tape could be precoated with an adhesive and heated to activate the tape and make it tacky as it leaves the machine. This method was not widely used, partly because the machine could get no closer than a foot away from the wall and thus could not complete the seam.

The Dildilian-Bigelow-Sanford patent disclosed the use of an open-weave tape precoated with hot-melt adhesive and backed on one side by a barrier, to back-seam by applying a heated flatiron to the barrier side of the tape in order to melt the adhesive. This "hot-melt" method was never used for face-seaming, and was impractical for on-site use because of the difficulty in manipulating the carpet using a back-seaming method.

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mercial success due to benefits in terms of convenience and cost are not sufficient grounds for finding a combination patent valid); *Tveter v. A. B. Turn O Matic*, 663 F.2d 831 (9th Cir. 1980), cert. denied, 451 U.S. 911 (1981) (to be patentable an innovation must embody invention, and invention excludes adjustments, alterations, and improvements that could be expected to result from the exercise of the skill and ingenuity of a mechanic charged with knowledge of all that is disclosed in prior art).

Examination of the record below indicates that the trial court properly performed the factual analysis required by *Graham*, and that the trial court's conclusion that the patents-in-suit are obvious over the prior art is fully supported by the law and the evidence.⁶ According-

⁶ The only difficulty with the trial court's analysis is its reliance upon Powell's demonstration of back-seaming with Thermo-Grip and a glue gun as pertinent prior art which Burgess failed to disclose to the Patent Examiner, and which rebuts the presumption of the patents' validity. The trial court's conclusion that Thermo-Grip was the "missing link" which, once discovered, would make the Burgess patent obvious, is without any support in the record. Neither the trial court's findings of fact nor the record as a whole contain any indication as to how Thermo-Grip represented an advance over previously used hot-melt adhesives. Moreover, there is no factual support for the conclusion that the use of a hot-melt glue gun to back-seam carpet is any more pertinent to the Burgess invention than other prior art that was fully disclosed to the Patent Examiner; on the contrary, it appears less pertinent than the use of precoated three-layer hot-melt tape for back-seaming carpet, for example, that was disclosed in the Dildilian-Bigelow-Sanford patent. See note 4 *supra*.

The trial court did make another finding as to the prior art, however, that is directly relevant to the issue of obviousness. The trial court found that Walters had, in the course of his experiments with Thermo-Grip, made up precoated tapes and used them both for

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ly, we affirm the judgment below that the patents-in-suit are invalid for obviousness.

III

Having concluded that the trial court properly held the patents-in-suit invalid for obviousness, we turn now to a consideration of the other affirmative defenses relied upon by the trial court as additional grounds for its decision. For the reasons stated below, we reverse the trial court's rulings with respect to each of the following affirmative defenses on the grounds that they are unsupported by the law or the evidence in this case.

A

The trial court held the patents-in-suit invalid under 35 U.S.C. §102(a), (f), and (g), on the grounds that the Burgess inventions were derived from the work of Walters, as communicated to Burgess by Powell.

(Footnote continued from preceding page)

back-seaming and face-seaming. It cannot be said that this finding is clearly erroneous, because the trial judge had the opportunity to hear testimony from Walters and other witnesses and was free to conclude that Walters' version of the events was the most credible, even though Walters' testimony was only partially corroborated. Although the trial court did not expressly rely upon this finding in concluding that Burgess' invention was obvious, Walters' practice of back-seaming and face-seaming with precoated tapes is clearly pertinent prior art sufficient to rebut the presumption that the Burgess patents were valid, and together with the other evidence noted above, supports the conclusion that the invention is obvious.

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Sections 102(a), (f), and (g) provide, respectively, that a patent is not available if the invention was known or used by others before the invention thereof by the patent applicant; the applicant did not himself invent the subject matter sought to be patented; or the invention was made by another who had not abandoned, suppressed, or concealed it. Proof of derivation must be demonstrated by particularly clear and convincing evidence. *Tucker Aluminium Products v. Grossman*, 312 F.2d 293 (9th Cir. 1961), that the entire conception was communicated. *Hedgewick v. Akers*, 497 F.2d 905 (C.C.P.A. 1974).

The trial court found that there was clear and convincing evidence that Powell communicated to Burgess the idea of face-seaming carpet with a precoated hot-melt tape, and went on to find that the essential concept underlying the Burgess inventions was derived from Burgess' knowledge of Walters' work. An examination of the record below, however, indicates that these factual findings, which are critical to a finding of derivation, are not supported by the evidence. Conflicting evidence was presented at the trial on the question of precisely what information Powell transmitted to Burgess with respect to the work done by Walters. Although Burgess conceded at trial that Powell demonstrated back-seaming with a glue gun, it was sharply disputed whether Powell also disclosed any or all of the following ideas to Burgess: face-seaming with a glue gun, back-seaming with a precoated tape, or face-seaming with a precoated tape. Nothing short of a disclosure of the concept of face-seaming with a precoated tape would suffice to support a finding of derivation, because, as noted above, this is the

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only idea which was not previously disclosed in the prior art known to the Patent Examiner. The only pertinent testimony on this issue was Walters' uncorroborated testimony that he used precoated tapes to face-seam; Powell's testimony that he did not recall whether he saw Walters face-seam with a precoated tape, much less that he communicated that idea to Burgess; and the testimony of Burgess and his employee Hall, who was present during the Powell visit, that all Powell disclosed was the use of a glue gun for back-seaming.

Thus, even assuming that Walters did in fact practice face-seaming with a precoated tape, there was no testimony whatsoever indicating that Powell disclosed this information to Burgess. Accordingly, the trial court's finding that there was clear and convincing evidence that the central concept underlying the Burgess inventions was derived from Walters' work, as disclosed to Burgess by Powell cannot stand, and the trial court's holding that the patents-in-suit are invalid for derivation is reversed.

B

The trial court held the patents-in-suit invalid for fraud on the basis of Burgess' failure to disclose to the Patent Examiner certain information with regard to (1) the necessity for a paper barrier web in order to practice the hot-melt face-seaming process, and (2) the information derived from the Powell demonstration. With respect to the issue of the barrier web, the trial court set forth three alternative conclusions in support of its finding of fraud: (1) Burgess' failure to disclose the necessity for a

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barrier web in connection with the application for the 703 patent, the parent to the patents-in-suit, was gross negligence or bad faith; (2) assuming Burgess believed that the need for a barrier was common knowledge in the art, and did not need to be disclosed, he showed gross negligence or bad faith in not so informing the Examiner, so that the Examiner could properly evaluate the 876 patent, which did employ a barrier web; and (3) Burgess was guilty of gross negligence or bad faith in not informing the Examiner that the 703 patent was only operable on concrete, and thus that the patent had only limited utility.

In its earlier opinion, this court reversed a similar ruling by the trial court on the grounds that it had not used the proper standards in assessing fraud, noting that fraud requires an element of subjective culpability in the form of bad faith or at least gross negligence, and that proof of the element must be clear and convincing. *Carpet Seaming Tape Licensing Corp. v. Best Seam Inc.*, 616 F.2d 1133, 1138-40 (9th Cir. 1980). This court further noted that in order for inadequate disclosures pertaining to the 703 patent to justify a finding that the patents-in-suit were invalid under the doctrine of "unclean hands," the cases emphasize the need for fraudulent or deceptive intention. *Id.* at 1140-41.

The record does not contain evidence of gross negligence or bad faith sufficient to meet the clear and convincing standard. On the contrary, the evidence suggests that Burgess' disclosures were made in good faith and were in fact adequate. There is ample support in the record for a finding that Burgess' failure to disclose the

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need for a paper backing in connection with his application for the 703 patent was justifiable because the need for some sort of paper barrier to keep the adhesive from adhering to the floor was common knowledge in the art. Burgess' failure to disclose this fact when he applied for the subsequent patents cannot support a finding of fraud because the Patent Examiner was fully aware that the barriers had been used in the prior art, because several of the patents that he cited in searching the application disclosed such barriers. Finally, the failure to disclose the fact that the 703 patent was only operable on concrete floors unless some sort of paper barrier, such as newspaper, was used is essentially a restatement of the court's first theory, which we rejected above. Moreover, the fact that an invention has only limited utility and is only operable in certain applications has not been regarded as grounds for finding a patent invalid for lack of utility. *Freedman v. Overseas Scientific Corp.*, 248 F.2d 274 (2d Cir. 1957).

The trial court also found fraud arising from Burgess' failure to disclose the Powell demonstration to the Patent Examiner on the grounds that Burgess thereby deprived the Examiner of information which would have led to the discovery that Burgess' inventions were obvious and were derived from the work of a third party.

The trial court's findings with respect to this issue cannot stand, for two reasons. First, the discussion above of the trial court's findings with respect to derivation establishes that the Powell demonstration was not pertinent prior art because the information imparted to Burgess was considerably less pertinent to the Burgess

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inventions than other prior art that was fully known to the Patent Examiner. Second, the record is devoid of evidence that Burgess and his attorneys, to whom Burgess did disclose the Powell demonstration did not make a reasonable and good faith conclusion that the demonstration lacked the materiality to require disclosure. Although the trial judge is clearly empowered to weigh the evidence and to decide issues of credibility, including that of Burgess' state of mind in failing to disclose the Powell demonstration, the trial court's discretion is constrained by the requirement that fraud be demonstrated by clear and convincing evidence. We find that the evidence relied on by the trial court is, as a matter of law, insufficient to meet the clear and convincing requirement, and accordingly, reverse the trial court's ruling that the patents-in-suit were invalid for fraud.

C

The trial court found the patents-in-suit to be invalid and unenforceable for patent misuse and violations of the antitrust laws, arising from certain activities engaged in by appellant with regard to the accumulation and pooling of patents, the imposition of a uniform royalty rate for licensing patents to competitors, and attempts to enforce the patents against competitors by institution or infringement actions. The trial court held that appellant had attempted to monopolize the carpet seaming tape industry in violation of §2 of the Sherman Act, finding that appellant, through its predecessor Giffen Industries, had manifested a specific intent to monopolize the carpet seaming tape industry, had engaged in anti-competitive

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conduct towards that end, and had possessed a dangerous probability of success. The court further found that the activities engaged in by appellant would constitute patent misuse even without a showing of specific intent and anticompetitive impact.

In our earlier opinion reversing the rulings of the trial court with respect to patent misuse and antitrust violations, this court indicated that the trial court had failed to make the findings of specific intent and probability of success necessary for a violation of §2 of the Sherman Act, and had incorrectly applied the law pertaining to the accumulation and enforcement of patents against competitors. *Carpet Seaming, supra*, 616 F.2d at 1141-43.

Following the second trial, the trial court made express findings of intent to monopolize and probability of success; in all other respects, however, the trial court's analysis of the misuse and antitrust issues mirrors the analysis contained in its first opinion.

The trial court based its findings of anticompetitive intent upon what it apparently considered to be the inherently anticompetitive nature of certain activities engaged in by appellant. Specifically, the trial court found that the agreement between appellant's predecessor, Giffen, and Bruck Industries, Inc. ("Bruck"), whereby those companies pooled the Burgess patents and the Winkler and Clymin patents (which disclosed modifications of the hot-melt tape developed by Burgess was illegal. The court found that the terms of the agreement, and particularly the imposition of a uniform royalty rate for licensees under the pooled patents and attempts to enforce the patents against com-

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petitors by the bringing of infringement actions, gave Bruck and Giffen an unfair competitive advantage. The court did find that the Burgess patent "blocked" the Winkler patent, but went on to suggest that a non-exclusive license to Giffen under the Winkler patent would have been a more satisfactory method for resolving the dispute between Giffen and Bruck than the agreement described above.

This court noted in its earlier opinion that, absent additional evidence of anticompetitive purpose or impact, an agreement to pool patents and to exploit those patents in the manner described above is legally permissible. *Id.* at 1142. We also noted that a finding that the Burgess patents blocked either the Clymin or the Winkler patents would provide additional support for the inference that the pooling agreement was for a legitimate, rather than an anticompetitive purpose. *Id.* Finally, this court indicated that attempts to enforce rights under a patent against competitors are perfectly proper, and that infringement actions are presumed to be lawful and in good faith, a presumption which can only be rebutted by clear and convincing evidence. *Id.* at 1143.

Thus, the mere fact that appellant engaged in these activities cannot, without more, support a finding that appellant possessed the specific intent required for a violation of §2 of the Sherman Act, particularly in view of the trial court's express finding that the Burgess and Winkler patents occupied a "blocking" relationship. Similarly, absent evidence that the agreement between Bruck and Giffen, which was patterned on a settlement

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agreement approved by this circuit in *Cutter Laboratories v. Lyophile Cryochem, Inc.*, 179 F.2d 80 (9th Cir. 1949), was itself improper, the trial court's speculation as to other preferable alternatives cannot support a finding of illegality.

The trial court's finding that appellant possessed a "dangerous probability of success" is likewise unsupported by the evidence. While the court did find that four companies had either gone out of business, gone into bankruptcy, or ceased making carpet tape in the past few years, neither the findings of fact nor the record as a whole demonstrate any causal connection between this result and appellant's activities, and the record is devoid of evidence with respect to the market shares of the parties and their competitors.

In short, no additional evidence was presented at the second trial that would support a finding of patent misuse or antitrust violations in accordance with the standards set forth in our earlier opinion, and the trial court's findings of specific intent to monopolize the carpet seaming industry and of dangerous probability of success are not supported by the record. Accordingly, the holdings of the trial court with respect to the patent misuse and antitrust defenses are reversed.

D

The trial court held that, even if the patents-in-suit were found to be valid, appellant's patent infringement claim was barred by the doctrine of laches. The court based this holding on a finding that appellant had waited more than six years from the time it first learned of the

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alleged infringement before filing suit, thus triggering a presumption of laches, and that appellant had failed to rebut the presumption by proving an excuse for the delay.

A delay of six or more years between the time at which the plaintiff learns of the alleged infringement and the time at which suit is brought triggers a presumption that the delay is unreasonable and unexcused; at this point, the burden shifts to the patentee to prove that the delay was excusable, and the patentee may not rely on other litigation as an excuse for the delay in the absence of notice to the alleged infringers that the patentee was delaying enforcement of the patent until conclusion of the pending litigation. *Jensen v. Western Irrigation & Manufacturing, Inc.*, 207 U.S.P.Q. 817 (9th Cir. 1980). Conversely, where suit is brought within six years of learning of the alleged infringement, the burden is upon the defendant to show that the delay was unexcused and that the defendant suffered injury as a result of the delay.

The trial court's ruling of laches rested on a finding that it was "probable" that appellant had learned of the infringement more than six years before instituting infringement actions. The record is devoid of any evidence that would support such a finding; indeed, the only direct evidence presented on this issue at trial indicates that appellant learned of the infringement less than six years before the suits were filed. The trial court found that the activities alleged to have infringed the patents-in-suit had commenced by 1969. The suits against the appellees were filed in 1976. The only evidence as to the

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time at which appellant's predecessor, Giffen, actually learned of the infringement was the testimony of one of Giffen's employees suggesting that the infringement was discovered in June, 1971, just prior to the time that Giffen sent out letters giving notice of infringement.

Under these circumstances, where the only evidence actually presented at trial establishes that appellant learned of the infringement in 1971, less than six years before the patent infringement suits were brought, the trial court's finding that it was "probable" that appellant learned of the infringement more than six years earlier cannot be upheld, even under a "clearly erroneous" standard. Because the trial court's holding of laches rested entirely upon the presumption triggered by a delay of over six years, rather than upon proof by appellees that the delay was unexcused or that appellees suffered actual injury as a result of the delay, the holding that appellant's claims are barred by laches is reversed.

IV

Best Seam and Vectron, as cross-appellants, challenge the denial of their motion for attorneys' fees under 35 U.S.C. §285, which authorizes the court to award reasonable attorneys' fees to the prevailing party in an "exceptional case." The trial judge found that the instant case was not an "exceptional case" justifying an award of attorneys' fees under §285, but did not set forth its reasoning on this issue.

In the recent case of *Mayview Corp. v. Rodstein*, 620 F.2d 1347, 1357 (9th Cir. 1980), this court restated the two basic principles which may be gleaned from this cir-

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cuit's numerous decisions under 35 U.S.C. §285 as follows: (1) a district court's determination as to whether a case is to be deemed "exceptional" is discretionary, and is not to be overturned unless it results from an abuse of discretion or an erroneous conception of the law; and (2) the district court's discretion in awarding attorneys' fees in patent cases may be invoked only upon a finding of bad faith or inequitable conduct on the part of the losing party that would make it grossly unjust for the prevailing party to be left with the burden of his litigation expenses.

The court's decision to reverse the trial court's rulings with respect to the affirmative defenses of fraud and antitrust violations, which are the only bases upon which bad faith or inequitable conduct could be found, is sufficient to dispose of cross-appellants' claim under the second principle stated in *Mayview*. Moreover, even if a finding of bad faith or inequitable conduct could be supported by the record, the decision to award attorneys' fees under §285 is committed to the discretion of the trial court. Cross-appellants are unable to cite any cases where this court has decided to award fees under §285 where the district court has denied such fees in the first instance, and this case does not present any special and compelling circumstances that would suggest that this court should depart from its long-standing policy. Accordingly, the denial of cross-appellants' motion for attorneys' fees under §285 is affirmed.

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Conclusion

For the reasons stated above, we affirm the judgment of the trial court on the grounds that the patents-in-suit are invalid for obviousness; we reverse, however, the rulings of the trial court with respect to each of the other affirmative defenses relied upon as additional grounds for holding the patents to be invalid and unenforceable, namely, derivation, fraud, patent misuse and antitrust violations, and laches, finding each of these rulings without support in the law or the evidence. We affirm the trial court's denial of attorneys' fees under 35 U.S.C. §285.

The judgment of the trial court is AFFIRMED in part, and REVERSED in part.

Order Denying Petition for Rehearing.

FILED

Feb 22 1983

Phillip B. Winberry
Clerk, U.S. Court of Appeals

**UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT**

Nos. 80-6069, 80-6070, 80-6071, 80-6072.
D.C. No. 76-2738-R.

CARPET SEAMING TAPE LICENSING
CORPORATION,

Plaintiff-Appellant,

vs.

BEST SEAM INCORPORATED,

Defendant-Appellee.

CARPET SEAMING TAPE LICENSING
CORPORATION,

*Plaintiff-Appellant,
Cross-Appellee.*

vs.

VECTRON INDUSTRIES, INC. and
EUGENE J. TASSE,

*Defendants-Appellees,
Cross-Appellants.*

Before: CHAMBERS and TANG, Circuit Judges, and
ORRICK,* District Judge.

The petitions for rehearing are denied.

* Honorable William H. Orrick, United States District Judge for The Northern District of California, sitting by designation.

Appendix—Order Denying Petition for Rehearing.

**Order for Amended Further Findings of Fact
and Revised Conclusions of Law.**

William H. Pavitt, Jr. FILED
A Member of Smyth, Pavitt, Dec ____ 1980
Siegemund & Martella Clerk, U.S. District Court
A Professional Corporation Central District of
4262 Wilshire Boulevard, California
Suite 320 By (Illegible) Deputy
Los Angeles, California 90010 LODGED
(213) 938-6251 2:18 PM
Attorney for Defendants Nov 25 1980
BEST SEAM INCORPORATED Clerk
VECTRON, and U.S. District Court
EUGENE J. TASSE Central District of
California
By _____ Deputy
ENTERED
(Illegible) 1980
Clerk, U.S. District Court
Central District of California
By _____ Deputy

*Appendix—Order for Amended Further Findings of
Fact and Revised Conclusions of Law.*

In the

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

CV. NOS. 76-2738-R, 76-31.

CARPET SEAMING TAPE LICENSING
CORPORATION, A Texas Corporation,

Plaintiff,

vs.

BEST SEAM, INCORPORATED,
A California Corporation,

Defendant.

CARPET SEAMING TAPE LICENSING
CORPORATION, A Texas Corporation,

Plaintiff,

vs.

VECTRON INDUSTRIES, INC., A California
Corporation, and EUGENE J. TASSE,
An Individual,

Defendants.

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The Court having submitted the matter after further trial and having fully considered the evidence and arguments of counsel and the Findings of Fact and Conclusions of Law proposed by the respective parties and submitted pursuant to the Court's Order signed July 3,

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1980; and the Court having made and entered on September 18, 1980, Further Findings of Fact and Conclusions of Law, and having also entered an Order on September 18, 1980, finding for defendants on the issue of laches and directing defendants' counsel to prepare Findings of Fact and Conclusions of Law pursuant to Local Rule 7 applicable to said issue; and Findings of Fact and Conclusions of Law accordingly, having been prepared and submitted by defendants' counsel, and made by the Court by an order entered October 6, 1980; and defendants' having moved for an order amending the Further Findings of Fact and Conclusions of Law filed September 18, 1980 in certain respects, and the Court having entered, on October 23, 1980, an order denying that part of the last said motion of defendants as sought on award of attorneys fees to defendants, but the Court otherwise having taken defendants' last said motion under submission; and the Court being fully advised and good cause appearing;

IT IS ORDERED THAT:

FIRST: The Court hereby readopts the Findings of Fact filed herein September 8, 1977 *in toto*,* and incorporates them herein as if set out in full; and

SECOND: IT IS HEREBY ORDERED that the following Amended and consolidated Further Findings of Fact and Revised Conclusions of Law be, and the same are hereby adopted to supersede the aforesaid Further Findings of Fact and Conclusions of Law entered September 18, 1980 and October 6, 1980:

* Reported at 197 U.S.P.Q. 230.

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FURTHER FINDINGS OF FACT

110. A. The THERMOGRIP adhesive used by Mr. Powell in his demonstration to Charles D. Burgess referred to in Findings Nos. 20, 21, 106, and 107, is the same adhesive which said Burgess disclosed in his March 18, 1966 application, Serial No. 535,333, and in his March 13, 1966 disclosure letter (Exhibit 47).

110. B. When Mr. Powell completed his demonstration referred to in Findings Nos. 20, 21, 106, and 107, he had prepared a two-element tape comprising (i) a joining web of open weave tape similar to the joining web disclosed in said Application Serial No. 535,333, and (ii) an adhesive identical to that disclosed in the last said application, and said two-element tape was utilized by Powell to join together from their back sides, the abutting edges of the carpet samples used in the demonstration.

110. C. Any person of ordinary skill in the art and having any knowledge concerning the properties the THERMOGRIP adhesive thus used by Mr. Powell in his demonstration to Burgess, would have known that the adhesive, after cooling and hardening, could be reactivated to a soft tacky state by the application of heat and pressure thereto; and further, could be utilized on a tape for face seaming as taught in the Higgins patent referred to in Finding No. 104.

110. D. The level of ordinary skill in the art to which the subject matter of the '703 and Burgess patents-in-suit pertains is that of persons knowledgeable of carpet installation techniques and products at the problem solving level.

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110. E. The Court finds that the differences between the subject matter disclosed and claimed in said application Serial No. 535,333 and the prior art, in the form of what Mr. Powell had disclosed to Burgess, as described in Findings Nos. 20, 21, 106 and 107, and the prior patents described Findings Nos. 101-105a inclusive, are such that the subject matter as a whole would have been obvious at the time Burgess claims to have made his invention disclosed and claimed in said application Serial No. 535,333, to a person of ordinary skill in the art to which said subject matter pertains.

110. F. The Court further finds that the differences between the subject matter disclosed and claimed in each of the '038, '876 and '830 Burgess patents-in-suit and the prior art in the form of what Mr. Powell had disclosed to Burgess, as described in Findings Nos. 20, 21, 106 and 107, and the prior patents described in Findings Nos. 101-105a inclusive, are such that the subject matter as a whole would have been obvious at the time Burgess claims to have made his invention disclosed and claimed in each of said patents-in-suit, to a person of ordinary skill in the art to which said subject matter pertains.

110. G. Burgess had informed his New York patent attorneys about the Powell demonstration to him by December 6, 1966.

110. H. In not disclosing to the Patent Examiner the fact that one (*i.e.* said Buzz Powell) other than himself had demonstrated to Burgess how THERMOGRIP adhesive could be applied by a gun dispenser to a joining web and placed against the back sides of two abutting strips of carpeting to provide an effective back seam

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after the thus applied adhesive had cooled, following which demonstration Burgess asserted that he later conceived using such two-element tape to face seam carpeting; Burgess and his patent attorneys deprived the Patent Examiner of having full knowledge of the most pertinent prior art so as to be in a position to make the determination of obviousness found by the Court in Findings Nos. 110 E and 110 F.

110. I. In not making such disclosure to the Patent Examiner, Burgess and his patent attorneys either intended to prevent the Patent Examiner from having knowledge of the most pertinent prior art and the true extent of Burgess' contribution thereover, or they were grossly negligent in the discharge of their duty to the United States Patent Office to make such disclosure concerning such pertinent prior art.

110. J. Plaintiff, through plaintiff's parent corporation, Giffen Industries, Inc. and the latter's other wholly owned subsidiaries must be deemed to have had full knowledge of the facts stated in Findings Nos. 20, 21, 106, 107, 110A and 110B, as a consequence of extensive pre-trial discovery which had also occurred in the patent infringement action which Giffin-Burgess Corporation had brought against Conso and prosecuted between 1968 and 1975;

110. K. The Court finds clear and convincing proof that either Burgess or his patent attorneys, or both, intentionally withheld from the Patent Examiner any disclosure concerning the Powell demonstration described in Findings Nos. 20, 21, 106, 107, 110A and 110B.

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110. L. Powell had learned how to seam carpeting with the THERMOGRIP adhesive from one Robert Walters with whom Powell had spoken and at whose place Powell had seen both back seaming and face seaming of carpeting by Walters using such adhesive, prior to Powell's first having made the demonstrations to Burgess referred to in Findings Nos. 20, 21, 106 and 107.

110. M. Actually Walters had been engaged since December 1965 in both face seaming and back seaming of carpeting with THERMOGRIP hot melt adhesive in a manner essentially as disclosed later by Burgess in his application Serial No. 535,333.

110. N. In or about January 1966, Walters had caused carpeting to be installed in a golf club shop using hot melt adhesive in face seaming.

110. O. At the time Powell first made his demonstration to Burgess as stated in Findings Nos. 20, 21, 106 and 107, Powell informed Burgess about Walters having seamed carpeting using hot melt adhesive.

155. A. Prior to filing his first application Serial No. 535,333 on March 18, 1966, Burgess had written himself a letter dated March 13, 1966 (Plaintiff's Exhibit 47) in which he stated:

“On March 2nd of this year, I conceived, the idea of coating *regular* carpet seaming tape with a Thermoplastic, such as Thermogrip, made by U. S. Shoe Machinery Corporation” (emphasis supplied).

155. B. Prior to March 2, 1966, “*regular carpet seaming tape*” for the liquid latex face seaming, according to

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plaintiff's expert McPherson, comprised a paper backing sheet or a "barrier web" onto which scrim or a "joining web" was laid and adhered. It was onto such tape that liquid adhesive was applied in the face seaming process as described in Finding No. 16.

155. C. Burgess testified that on March 15, 1966, he met with a Mr. Vogt, a partner in the New York patent firm of Watson, Leavensworth, Kelton and Taggart pursuant to an appointment, in order to discuss his alleged invention with that patent attorney.

155. D. At his March 15, 1966 meeting with Mr. Vogt, according to Burgess he handed Vogt his March 13, 1966 letter. This letter, also, according to Burgess, was read by Mr. Schutter, an associate of Vogt, and Burgess explained his alleged invention to Vogt and another associate named Katona.

155. E. At said March 15, 1966 meeting with his patent attorneys, Burgess further first demonstrated backseaming with a strip of coated tape, and then demonstrated face seaming with such tape after first placing "a piece of newspaper on the floor".

155. F. Notwithstanding the disclosure which Burgess' said patent attorneys had received on March 15, 1966 in the forms of the March 13, 1966 letter (Exhibit 47), their discussions with Burgess, and the demonstration with newspapers made by Burgess in ~~their office, Burgess' patent attorney's caucod application~~ Serial No. 535,333 to be prepared and filed without any disclosure of the necessity of providing a "barrier web" below the adhesive covered scrim or "joining web", in

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order to prevent the hot melt adhesive (HMA), when heated by the sadiron, from exuding onto the underpadding or floor below the carpeting being seamed.

155. G. The Court finds that either Burgess or his New York patent attorneys, or both, in filing said application Serial No. 535,333 with the disclosure omission described in Findings Nos. 151 and 155F, were at least guilty of gross negligence, if not intentional bad faith, in the discharge of Burgess' duty to the United States Patent Office and the public which it represents.

155. H. The Court further finds that, months before the December 6, 1966 filing date of the continuation-in-part application Serial No. 599,414, both Burgess and his patent attorneys were aware of the fact that the original application Serial No. 535,333 had neglected to disclose the necessity of providing a "barrier web" in order to practice the invention for face seaming carpeting on the usual underpadding or wooden floor. Thus, under date of July 25, 1966, Burgess wrote to his patent attorneys a letter in which he stated in part as follows: (Plaintiff's Exhibit 49) "In making further tests on my coated tape, I have encountered many problems. Due to the high viscosity of the Hot Melt needed, it has been next to impossible to get an even coat on my tape. Also the tape is not as desirable as it should be for ease of working and simplicity of application. I have found the H.M. cools so rapidly, a good bond between the carpet and tape is not obtained unless a large amount of H.M. is used. I have often found a state of degradation of the H.M. due to over heating. When making a face seam I found the H.M. would run thru to the back, sticking to the carpet cushion or do damage to the floor instead of adhering to the carpet".

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155. I. However, despite such knowledge on the part of Burgess' patent attorneys of Burgess' thus described "many problems" with the tape as disclosed in his original application Serial No. 535,333, instead of abandoning said original application Serial No. 535,333 upon the filing of the continuation-in-part application Serial No. 599,414, said attorneys continued to prosecute the original application to the issue of the '703 patent in December 1968, without advising the Patent Examiner of any of said "problems", including the necessity for providing a barrier web omitted in its disclosure, thereby to secure an additional patent for the Burgess patent portfolio, with a known deficient disclosure.

155. J. If, however, one should attempt to excuse the disclosure omission described in Finding No. 155 F on the ground that Burgess, as the applicant for his patent, was entitled to assume that which is common knowledge and well-known to persons skilled in the art, and since, as stated in Finding No. 101, "the use of a barrier web for carpet seaming was known in the art for many years prior to March of 1966", and the omission in application Serial No. 535,333 was such a barrier web; then, the Court finds Burgess and his attorneys were guilty of bad faith in filing, on December 6, 1966, and prosecuting to the issue of the '038, '876 and '830 patents, the continuation-in-part (C-I-P) application Serial No. 599,414, while, at the same time, they continued prosecuting to the issue of the '703 patent, the original application Serial No. 535,333; since the principal difference between the disclosure of the application Serial No. 599,414 and that of the original application Serial No.

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535,333, lay in the addition of a "barrier web" to the two-part tape disclosed and claimed in the application Serial No. 535,333.

155. K. While Burgess has asserted that it was only some time between March 18, 1966 and December 6, 1966, that he came to realize the necessity for providing such a barrier web below the joining web onto which he had placed a layer of HMA in order to face seam carpeting, and so informed his New York Patent attorneys by his letter of July 25, 1966, with the result that the continuation-in-part application was filed on the latter date; the Court finds such assertion hard to believe in view of the facts stated in Findings Nos. 151 and 155A-155E inclusive.

155. L. Nevertheless, even if such assertion on the part of Burgess should be accepted as true and the said C-I-P application Serial No. 599,414 may be regarded as making a full disclosure of the known Burgess' face seaming process, product and method of making the same, Burgess' continued prosecution of the original application Serial No. 535,333 to the issue of the '703 patent *after his filing his said C-I-P application in December 1966*, with, by then, his knowledge of the inadequacy of the disclosure of the original application Serial No. 535,333; constituted bad faith and willful fraud upon the United States Patent Office, or, at the very least, gross negligence on the part of Burgess and/or his patent attorneys, in a successful effort to obtain another patent for Burgess' patent portfolio.

155. M. In any event, the Court finds that the differences between the subject matter disclosed and claim-

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ed in the '038, '076 and '830 patents, which were derived from said application Serial No. 599,414, filed December 6, 1966, and the prior art in the form of what Mr. Powell had disclosed to Burgess, as described in Findings Nos. 20, 21, 106 and 107, and the prior patents described in Findings Nos. 101-105a inclusive, including particularly the Higgins patent described in Finding No. 104, are such that the subject matter as a whole would have been obvious at the time Burgess claims to have made his alleged inventions disclosed and claimed in said patents, to a person of ordinary skill in the art to which said subject matter pertains.

155. N. Said application Serial No. 535,333 was assigned by Burgess, with the application which resulted in the issue of the '038, '876 and '830 patents, to one of plaintiff's predecessors, viz. Giffen-Burgess Corporation, so that the '703 patent also issued to the latter as such assignee; and said patent has been included among all of the patents which plaintiff and its predecessors have sought to have members of the carpet seaming tape manufacturing industry became licensed, under royalty paying license agreements.

145. A. The April 1, 1976 license agreement and addenda, Exhibits 96, 97 and 98, provided to the effect that Bruck Industries, Inc., a competitor of plaintiff's parent, Laminated Plastics Inc., not only received from plaintiff a non-exclusive license under the Clymin and all of the Burgess patents ('703, '038, '876 and '830) and Bruck's own invalid Winkler patent, for a commitment by Bruck to pay royalties of only 2-1/2% on its sales of all carpet seaming tape; but Bruck granted to plaintiff

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an exclusive license, with the right to sub-license others, under Bruck's invalid Winkler patent, with the right to receive and retain all back royalties plaintiff might collect from third parties. However, Bruck was not required to pay any royalties until "such time as the other major manufacturers of carpet seaming tape shall have respectively taken bona fide licenses corresponding to" Bruck's basic license agreement with plaintiff; "or, in the alternative, shall have been respectively sued for infringement of the applicable patents licensed hereunder and such suit or suits are actively and diligently prosecuted" (Exhibit 97, Pag. 6).

145. B. In addition, by the terms of the Exhibit 97 addendum agreement, \$75,000 was escrowed by Bruck, to be paid to plaintiff in \$25,000 installments as each of three named "other major manufacturers" was sued by plaintiff for infringement of the licensed patents, or entered into a license agreement with plaintiff.

145. C. Thus, the effect of the April 1, 1976 agreement and its two addenda was that Bruck placed in the hands of plaintiff, Bruck's invalid Winkler patent for plaintiff to add to its Burgess & Clymin patent portfolio, and agreed to pay plaintiff both the escrowed \$75,000, as well as a 2-1/2% royalty on its tape sales, after plaintiff should either license, or institute and maintain suits against, the three major competitors of Bruck Industries Inc. and plaintiff's parent, Laminated Plastics, Inc. for infringement of all applicable patents, including Bruck's invalid Winkler patent.

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150. A. As set forth in Findings Nos. 146-150, plaintiff did what it was required to do under said April 1, 1976 agreement and addenda in order to receive both the escrowed \$75,000 as well as the start-up of Bruck's royalty payments to plaintiff.

150. B. Plaintiff's acts in bringing Kinkaid Industries under license agreement with plaintiff, and in instituting and prosecuting infringement actions against SPI (Best Seam Incorporated) and Orcon, served to improve substantially the competitive positions of both Bruck Industries, Inc. and plaintiff's parent Laminated Plastics, Inc. against other major manufacturers engaged in making and selling thermoplastic carpet seaming tape.

175. A. As a consequence of the acts of Giffen Industries, Inc., its wholly owned L. D. Brinkman, Inc. and predecessor subsidiaries, its Laminated Plastics, Inc. subsidiary, and the creation of plaintiff as a wholly owned subsidiary of Laminated Plastics, Inc., and plaintiff's agreement with Bruck Industries, Inc., all as described in Findings Nos. 120, 121, 122, 123, 125-150, 178-185, plaintiff has been invested with exclusive license rights, with the right to sub-license others, under Burgess Patents Nos. '703, '038, '876 and '830, the Clymin patent and the Winkler patent.

175. B. With plaintiff so invested with the exclusive rights described in Finding No. 175A, tape manufacturers in competition with Laminated Plastics, Inc. and Bruck Industries, Inc. have been deprived of the opportunity to negotiate with the original owners of each of the Clymin and Winkler patents for separate licenses

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under those respective patents; but instead have been required to deal solely with plaintiff for a package license which always has included the Burgess patents in combination with the Clymin patent and/or the Winkler patent.

175. C. Plaintiff's immediate parent corporation, Laminated Plastics, Inc., by an agreement also dated April 1, 1976 (Plaintiff's Exhibit 83), received a royalty-free license under plaintiff's entire patent portfolio (*viz.* the '703, '038, '876 and '830 Burgess patents and the Clymin and Winkler patents).

175. D. Plaintiff, as such wholly owned subsidiary of Laminated Plastics, Inc. which, in turn, is a wholly-owned subsidiary of Giffen Industries, Inc., through its attorney O'Neil, as stated in Finding No. 184, has unequivocally expressed its intention to bring under royalty-paying license agreements with plaintiff under all patents as to which it has exclusive licensing rights, all manufacturers of thermoplastic carpet seaming tape in the United States.

175. E. The standard royalty demanded by plaintiff for a license under all of its said patent rights is 5% on ribbed tape and 4% on flat tape.

177. A. Thus, plaintiff, by its actions described in these findings, including the bringing and maintaining of the several civil actions listed in Finding No. 147, has clearly manifested a specific intent to control prices or destroy competition with respect to that part of commerce comprising the manufacture and sale of thermoplastic carpet seaming tape in the United States.

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177. B. Said specific intent on the part of plaintiff, moreover, has been entertained by plaintiff's parent corporation, Giffen Industries, Inc. and the latter's several other wholly owned subsidiaries at least since 1971, and plaintiff was created by Giffen Industries, Inc. as a means to carry out and implement said intent to control prices or destroy such part of commerce.

183. A. The assertion to tape manufacturers by L. D. Brinkman, Inc., another wholly owned subsidiary of Giffen Industries, Inc. and a prior owner of the Burgess patents-in-suit, through its attorney O'Neil, that the Clymin patent covered ribbed tapes, when plaintiff's officer Smith admitted he was not aware of any company other than Conso which has been making track tapes as disclosed and claimed in the Clymin patent, as stated in Finding No. 179, constituted bad faith on the part of said prior owner of said patents.

188. The Court finds that the relevant market is that for thermoplastic carpet seaming tape of the types which, plaintiff appears to assert, are dominated by one or more of the Burgess patents-in-suit.

189. Giffen Industries, Inc., the ultimate parent of plaintiff, acting through plaintiff, and previously, through others of its wholly owned subsidiaries, such as Giffen Corporation, Giffen-Burgess Corporation, and L. D. Brinkman, Inc., has, since 1968, harbored a specific intent to control prices or destroy competition with respect to that part of commerce comprising the manufacture and sale of thermoplastic carpet seaming tape in the United States, and has sought to accomplish the same by the following conduct:

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- A. Acquiring all the Burgess tape patent applications in March of 1968 and causing them to be prosecuted to the issue of the Burgess patents in the manner described in Findings Nos. 11, 97-100, 106-110J, 123-125, 151-155L.
- B. Acquiring from Conso the Clymin patent as stated in Finding No. 129.
- C. Asserting its Clymin Patent in bad faith to cover ribbed tape as stated in Findings No. 178-182 and 183A.
- D. Entering into the agreement of April 1, 1976 with Bruck to acquire for plaintiff the exclusive rights under the invalid Winkler patent, as stated in Findings Nos. 141-144.
- E. Directing letters to competitors of Laminated Plastics, Inc. and Bruck Industries, Inc. as stated in Findings Nos. 145 and 184.
- F. Persuading Kinkaid Industries to enter into the license agreement with plaintiff as stated in Finding No. 146.
- G. Instituting and maintaining the litigations described in Finding No. 147 on both the Burgess and invalid Winkler patents.
- H. Bringing the action against Vectron on the Winkler patent without investigating whether Vectron did infringe the same and maintaining said action against Vectron until just before trial, when plaintiff dismissed its claim against Vectron for infringement of the Winkler patent, as stated in Findings Nos. 118 and 183.

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190. Since the original trial of this action, defendant, Best Seam Incorporated has terminated its business of making and selling carpet seaming tape and has assigned all of its assets for the benefit of its creditors.

191. Plaintiff's suit against World Way Enterprises, Inc. was disposed of by a consent judgment by the terms of which, in effect:

(A) each of the four patents here in suit including the Winkler patent No. 3,755,058, as between the parties to that action, was declared to be valid and infringed by World Way Enterprises, Inc.;

(B) subject to any license which plaintiff might grant to defendant, the latter and its officers, directors, etc. were enjoined from infringing each of the said four patents-in-suit;

(C) damages were waived unless the consent judgment should be violated;

(D) if any patent should be finally held invalid by a court of competent jurisdiction, the consent judgment shall be of no force and effect as to such patent.

192. World Way Enterprises, Inc. has entered into no license agreement with plaintiff, but instead has ceased all further manufacture of carpet seaming tape since the December 30, 1976 entry date of said consent judgment.

193. Plaintiff's suit against H. B. Fuller Company was terminated by a notice of voluntary dismissal by plaintiff pursuant to Federal Rule 41(a)(1)(i), entered November 23, 1976, upon the defendant's assurance that it would make and sell no further carpet seaming tape of

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the type which it had been making and selling and which plaintiff had charged as an infringement of the four patents here in suit.

194. Plaintiff has no knowledge of H.B. Fuller Company ever having made or sold any carpet seaming tape since November 23, 1976.

195. Giffen Industries, Inc., acting through plaintiff, and others of its said wholly owned subsidiaries and in concert with Bruck Industries, Inc., and by means of the Burgess patents-in-suit and the Burgess '703 patent and Winkler patent, as of the initiation of the present action, was achieving a dangerous probability of success in its effort to control prices or destroy competition with respect to that part of commerce comprising the manufacture and sale of thermoplastic carpet seaming tape in the United States.

196. If plaintiff should succeed in requiring all manufacturers of thermoplastic carpet seaming tape in the United States to enter into plaintiff's standard royalty paying licenses with plaintiff, then plaintiff's immediate parent corporation, Laminated Plastics, Inc., and Bruck Industries, Inc. will be placed in such a competitively advantageous position over all other manufacturers of thermoplastic carpet seaming tape, that said two manufacturers jointly may achieve a monopoly in the manufacture of such tape in the United States.

197. Any tape manufacturer, given suitable equipment, could make and sell carpet seaming tape covered by any one or more of the '703, '038, '876, '830 Burgess patents and the Clymin and Winkler patents.

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198. As testified to by plaintiff's expert McPherson, a flat tape made in accordance with the Burgess patents alone, is not only a commercially acceptable product, but one which he preferred to use in his own business, over a ribbed tape of the Winkler patent.

199. A tape may be produced in accordance with the Clymin patent, upon which tape no claim of the Burgess '038 patent may be properly read.

200. A tape may be produced in accordance with the Clymin patent, upon which production no claim of the Burgess '830 patent may be properly read.

201. A tape may be produced in accordance with the Clymin patent, which tape, when used for face seaming, no claim of the Burgess '876 patent may be properly read.

202. No claim of the Clymin patent may be read upon a tape produced in accordance with any of the Burgess '038, '876, '830 patents or the Winkler patent.

203. With reference to the facts set forth in Findings Nos. 54, 55, 116, and 117, the predecessor of defendant, Best Seam, Inc., and defendants Vectron Industries, Inc., and Tasse, had commenced manufacturing and selling ribbed type carpet seaming tapes, as set forth in Findings No. 64 through 92 inclusive, by early 1969, and the predecessor of defendant, Best Seam, until December, 1971, and defendant, Best Seam, since the last said date, and defendants, Vectron and Tasse, since 1969 have all continued to make and sell such tapes up until the commencement of the present actions in August of 1976.

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204. With the copying of the alleged Burgess inventions as described in Finding No. 39, it appears probable to the Court that one of plaintiff's predecessors-in-interest, soon after the commencement of said infringements in 1969, had become aware of said infringements by defendants, Vectron and Tasse, and by the predecessor of defendant, Best Seam, of the patents-in-suit, as described in the preceding Finding No. 203, and, as early as June 30, 1971, one of plaintiff's predecessors had caused to be sent by its attorney, Golenbock, the notices of infringement of that date, which notices are described in Findings No. 54, 55, and 112 through 115.

205. None of said notices, however, in any way indicated to any of the recipients, that, after the then pending Conso litigation should be terminated, an infringement suit would be instituted against said recipient, if said recipient neither terminated the charged infringement nor entered into a license agreement with the Giffen-Burgess Corporation, as the then patent owner.

206. Nor did any of the plaintiff's predecessors thereafter similarly advise any of the defendants, including during the period of pendency of the litigations in 1975 and 1976 involving Bruck Industries Inc. or its distributors, as described in Findings No. 138 through 145.

207. In view of the facts set forth in the preceding Findings No. 205 and 206, and the fact that none of plaintiff's predecessors had instituted any action or further follow-up of the June 30, 1971 infringement notices by the end of 1974, defendants, Best Seam, Vectron and Tasse, in reliance upon such lack of notice of intention on

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the part of plaintiff's predecessors to sue for infringement of the patents now in suit, and their failure to institute any action for infringement against said defendants, undertook to expand their respective operations by the acquisition and installation of additional manufacturing equipment and, in the case of defendant, Best Seam Inc., a new and larger plant, and the entire interest in defendant, Best Seam Inc., was acquired by Mr. Weiss from Best Seam's then co-owner, Mr. Vidor. Thereby, said defendants were mislead to conclude that plaintiff's predecessors did not intend to enforce the patents in suit against them.

208. Both Mr. Weiss and Mr. Tasse testified that, had any of plaintiff's predecessors advised either of them that it expected to sue either Best Seam, Inc. or Vectron Industries, Inc., after the conclusion of the Conso litigation, or had actually instituted any such action against either said defendants, none said defendants would have made its said respective expansion and investments, nor would the entire interest in Best Seam have been so acquired by Mr. Weiss under the agreement which he entered into with Vidor.

209. Plaintiff has introduced no evidence to overcome the presumption of prejudice which arises through the failure of plaintiff and its predecessors to file suit against defendants for more than six years since the commencement of their respective infringements.

A-151 (to precede 151)

In late November of 1965, one Robert W. Walters, an officer in The Mill Store, a carpet retail establishment in La Grange, Georgia, had read an article which appeared

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in the December 1965 issue of Popular Science Magazine. This article described a "gun" for dispensing a thermoplastic adhesive and discussed its application to leather, fabric, etc. This gun and its adhesive were a product of United Shoe Machinery Co. and were sold under the designation or trademark THERMOGRIP.

A-151a

After thus reading said magazine article, Walters procured a THERMOGRIP gun and adhesive, and for some time prior to January 31, 1966, experimented with the same in seaming carpeting.

A-151b

In the course of such experimentation, Walters backseamed carpeting with Bigelow Lockweave tape onto and through which he squirted the hot melt adhesive. He further made strips of such tape impregnated with the adhesive which, after cooling of the adhesive, were rolled up; and he later used by reheating for both backseaming and face seaming of carpeting.

A-151c

Walters actually used, and had used by others, the THERMOGRIP gun and adhesive for certain work of the The Mill Store, and, on January 31, 1966, he had two of the store's employees make a carpet installation using open weave tape and THERMOGRIP adhesive for backseaming carpeting in the golf shop of the Georgia Warm Springs Foundation.

A-151d

On or about February 2, 1966, one Robert Powell, a salesman for Southern Molding Co., a supplier to The Mill Store, made one of his regular calls upon The Mill

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Store and, in the course of his call, Walters showed Powell, and explained to him, what Walters had been doing with the THERMOGRIP adhesive in carpet seaming, including what is described in Findings A-151a-A-151-c inclusive.

A-151e

Powell, immediately became quite interested in this method of seaming carpets, so that Walters proceeded at that time to show him the results of Walters' experiments and sample tape, and they discussed the subject at length.

A-151f

On or about February 3, 1966, Powell proceeded to Macon, Georgia, where he called upon Charles Burgess at his carpeting establishment. In the course of this call, Powell discussed with Burgess what he had learned and observed that Walters had been doing with a THERMOGRIP gun and adhesive in seaming and carpeting, as stated in Findings No. A-151d.

A-151g

Burgess was immediately interested to the point where he had Powell order a gun and adhesive from a local hardware store, and Powell then demonstrated to Burgess how to effect a backseam of a couple of strips of carpeting with adhesive exuded from the nozzle of the gun onto a piece of open mesh tape laid over the abutting edges of the carpet strips.

A-151h

Burgess testified that after Powell had left, he called the Calloway Mills in La Grange, Georgia, which erroneously thought owned The Mill Store, to inquire

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about carpet seaming with hot melt tape, but the person with whom he spoke knew nothing of the subject.

A-151i

Burgess than proceeded to try hot melt carpet seaming and to develop and patent it in the manner stated in Findings Nos. 22-38, 41-53, 97-100, 106-110, and 151-155.

A-151j

Notwithstanding what Burgess had learned from Powell on the occasion of the call which Powell had made upon Burgess as described in Findings 20, 21, 106, 107, and A-151 through A-151i inclusive, when Burgess had his first patent application Serial No. 535,333 prepared, said application

- a) made no mention of the fact that Walters had used the same hot melt adhesive for carpet seaming before Burgess, as Burgess well knew through his meeting with Powell and described in Findings Nos. 20, 21, 106, 107, and A-151f and A-151g.
- b) under oath by Burgess, claimed as Burgess' invention, "a carpet seaming tape comprising a tape coated with a hot melt adhesive."

A-151k

Burgess' application Serial No. 599,414 filed December 6, 1966, as Continuation-in-part of his earlier application Serial No. 535,333, similarly made no mention of Walters' prior work described in Findings Nos. A-151 through A-151c inclusive of which Burgess had learned through Powell, as stated in Findings Nos. 20, 21, 106, 107, A-151d through A-151G inclusive; and in said ap-

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application Serial No. 599,414 Burgess claimed as his invention subject matter which was substantially identical to Walters' previous work.

A-151-l

The three Burgess patents-in-suit all were derived from said December 6, 1966 application Serial No. 599,414.

A-151m

Plaintiff and its predecessors became aware of the facts described in Findings Nos. 151 through A-151-l inclusive, in the course of defending the *Conso* litigation between 1968 and 1975.

A-151n

To the extent that Supplemental Findings Nos. A-151a-A-151-l inclusive, conflict with any findings previously entered, these Supplemental Findings shall be deemed to prevail.

REVISED CONCLUSIONS OF LAW

1. "Those who have applications pending with the Patent Office***have an uncompromising duty to report to it all facts concerning possible fraud or inequity underlying the applications in issue*** Public interest demands that all facts relevant to such matters be submitted formally or informally to the Patent Office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to safeguard the public in the first instance against patent monopolies". *Precision Instruments Mfg. Co. v. Automotive Maint. & Mach. Co.*, 324 U. S. 806, 818, 65 S.Ct. 993, 999; *Monolith Portland Midwest Co. v. Kaiser Alum. & Co. Corp.*, 407 F2d 288, 294 (9th Cir., 1969); *Charles Pfizer & Co. v. F.T.C.*, 401 F2d 574 (6th Cir. 1968).

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2. Burgess and his patent attorneys failed to discharge such uncompromising duty to the United States Patent Office by not informing the Patent Examiner of the fact that Powell had demonstrated to Burgess the use of THERMOGRIP adhesive with an open weave tape to accomplish back seaming of carpeting. Thereby Burgess and his attorneys prevented the Examiner from obtaining full knowledge of the prior art and the extent of Burgess' alleged contribution to the carpet seaming tape art, in order to determine whether the subject matter of the original application Serial No. 535,133, on which the related Burgess '703 patent issued, as well as the subject matter of the several continuation-in-part applications thereof from which the '038, '876 and '830 patents issued, was obvious under 35 U.S.C. 103, as the Court herein concludes. *De Long Corp. v. Raymond Int'l. Inc.*, 204 U.S.P.Q. 368, 373 (D.N.J., 1979).

3. Burgess and his patent attorneys further failed to discharge such uncompromising duty to the United States Patent Office, either by deliberately not disclosing in said Serial No. 535,333 application the fact that a barrier web was necessary in order to practice the invention, or by continuing to prosecute said application to the issue of the '703 patent with full knowledge of its inadequate disclosure after having filed, on December 6, 1966, the continuation-in-part application Serial No. 599,414 in which a barrier web was first disclosed.

4. If Burgess did not disclose in said Serial No. 535,333 application the necessity of providing a barrier web because he knew that employing a barrier web with an open weave tape for carpet seaming was old in the

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art, as stated in Finding No. 101, and so felt he was entitled to assume that persons skilled in the art would have knowledge thereof, then Burgess was guilty of a further failure to discharge his uncompromising duty to the United States Patent Office, in not so informing the Examiner thereof, so that the latter could appreciate the similarities in the disclosures of said continuation-in-part application Serial No. 599,414 and said original Serial No. 535,333 application, and prevent the issue of two patents for essentially the same alleged tape invention.

5. Burgess and his attorneys further failed to discharge their uncompromising duty to the Patent Office to disclose the critical limitation on the utility of the two element tape process which was the subject of said application Serial No. 535,333, namely, that it could only be employed on concrete. Because of such failure to disclose by Burgess and his attorneys, the Patent Office Examiner allowed the claims which appeared in the '703 patent, which claims were broader in scope than the actual limited utility of the described tape process. Further, through such failure of disclosure, the Patent Office Examiner was prevented from properly considering whether the subject matter of the C-I-P application Serial No. 599,414 represented patentable invention over what was disclosed and claimed in the original application Serial No. 535,333.

6. In so failing to discharge his said uncompromising duty to the United States Patent Office, Burgess was guilty of unclean hands in the procurement not only of the '703 patent through the original application Serial No. 535,333, but also of the '038, '876 and '830 patents,

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so that all of the said patents must be held void and unenforceable.

7. Each of said '038, '876 and '830 patents is invalid under 35 U.S.C. 103 when the requirements of *Graham v. John Deere Co.*, 383 U. S. 1, are applied.

7A. Each of the '038, '876 and 830 patents is invalid under 35 U.S.C. 102 (a) (f) and (g).

8. The Winkler '038 patent is invalid under 35 U.S.C. 103, being directed to subject matter as to which the differences between such subject matter and the prior art are such that such subject matter as a whole would have been obvious at the time the claimed invention was made to a person having ordinary skill in the art to which such subject matter pertains. (*Pierce v. Muelleisen*, 226 F.2d 200 (CA, 1955); *Kamei-Autokomfort et al. v. Eurasian Automotive Products*, No. 75-2383 (decided April 7, 1977 by CA 9); *Bates Industries, Inc. v. Dayton Sports Co.*, 441 F.2d 1110, (CA 9, 1971) c.d. 404 U.S. 991; *Jeddeloh Bros. v. Coc Mfg. Co.*, 375 F.2d 85 (CA 9, 1967), c.d. 389 U.S. 823; *Walker v. General Motors, Inc.*, 362 F.2d. 56 (CA 9, 1966).

9. The Winkler patent is further invalid under 35 U.S.C. Section 102(b) for the reason that the subject matter of said patent was "on sale" on or about February 1, 1969, or more than 16 months prior to the filing of the application for said Winkler patent on June 11, 1970. (*Strong v. General Electric Co.*, 305 F.Supp. 1089 (N.D. Ga., 1969) aff'd 434 F.2d 1042 (CA 5, 1970); *Chicopee Mfg. Corp. v. Columbus Fiber Mills*, 305 F.Supp. 307, (N.D. Ga., 1958); *Amphenol Borg Corp. v. Gen. Time Corp.*, 165 F.Supp., 307 (M.D. Ga., 1958).

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10. Patent misuse requires a lesser showing than a Sherman Act violation in that the party who asserts it need prove neither anticompetitive effects nor individual harm. *Transition Electronic Corp. v. Hughes Aircraft Co.*, 205 U.S.P.Q. 799, 806 (D. Mass., 1980).

11. Misuse "may be shown from the totality of a licensor's conduct and business practices. *id.*

12. In view of the intent entertained by plaintiff, its parent corporation, Giffen Industries Inc. and the latter's other wholly owned subsidiaries which have been involved in acquiring and exploiting all the Burgess patents, *viz.* Nos. '703, '038, '876 and '830, the Clymin patent and the invalid Winkler patent, to bring all manufacturers of Thermoplastic carpet seaming tape in the United States under royalty paying licenses, with the consequent likelihood of their having to increase the prices at which they would have to sell their tapes to the public; the accumulation of all said patents for such purpose by, and in, plaintiff, and the dangerous probability of plaintiff's succeeding in its effort so to bring all such manufacturers under such royalty paying licenses with such consequences, the Burgess patents-in-suit are unenforceable because of misuse in plaintiff's unlawful attempt to monopolize such portion of commerce in the United States as is represented by the relevant market, *viz.* the manufacture and sale of thermoplastic carpet seaming tape.

13. In view of the activities of plaintiff, its parent corporation, Giffen Industries Inc. and the latter's other wholly owned subsidiaries which have been involved in acquiring and exploiting all the Burgess patents, *viz.*

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Nos. '703, '038, '876 and '830, the Clymin patent and the invalid Winkler patent, in attempting to bring all manufacturers of thermoplastic carpet seaming tape in the United States under royalty paying licenses under all said patents with the consequent likelihood of their having to increase the prices at which they would have to sell their tapes in competition with plaintiff's parent Laminated Plastics, Inc. and Bruck Industries, Inc. and the adverse effect upon all such other tape manufacturers as competitors of Laminated Plastics, Inc. and Bruck Industries, Inc.; and the dangerous probability of plaintiff's succeeding in its effort so to bring all such other manufacturers under such royalty paying licenses with such adverse effect, the accumulation of all said patents by, and in, plaintiff renders the Burgess patents-in-suit unenforceable because of their misuse.

14. The patents-in-suit, moreover, have been further misused in an unlawful combination by plaintiff with Bruck Industries, Inc. in the form of the April 1, 1976 Agreement and its addenda, whereby Bruck and plaintiff, in effect, combined their thermoplastic carpet seaming tape patents for the mutual benefit of plaintiff and its parent corporation, Laminated Plastics, Inc. on the one hand, and Bruck Industries, Inc. on the other, to the economic disadvantage of the competitors of the latter and said Laminated Plastics, Inc. *United States v. Singer Co.*, 374 U.S. 174, 193, 194.

15. Since the effect of the April 1, 1976 agreement between plaintiff and Bruck Industries, Inc. and of the addenda to said agreement, was not only to combine in the hands of plaintiff the Burgess patents and Bruck's Winkler patent, but to induce plaintiff to take steps re-

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quire all other members of the carpet seaming tape trade, besides Bruck and plaintiff's parent, Laminated Plastics, Inc., to enter into royalty paying license agreements with plaintiff at fixed royalty rates higher than Bruck would be paying plaintiff, with Laminated Plastics, Inc. having a royalty free license under all said patents, said agreement and its addenda constituted a horizontal agreement to fix prices, and as such was unlawful *per se*, under the rationale of the recent case of *Catalano, Inc. et al v. Target Sales, Inc., et al*, decided by the Supreme Court of the United States, May 27, 1980.

16. Since one may practice the invention of the Clymin patent without infringing any of the Burgess patents; and, vice versa, Clymin is not a blocking patent with respect to the Burgess patents, and vice versa.

17. Since one may practice the invention of the Clymin patent without infringing the Winkler patent, and vice versa, neither of said patents is a blocking patent with respect to the other patent.

18. While the Burgess patents-in-suit (viz. '038, '876 and '830) may be regarded as "blocking" patents to the practice of the alleged invention of the Winkler patent, since one may practice the invention of the said Burgess patents in commercially acceptable form without infringing the Winkler patent, were it not invalid, the latter patent is not a "blocking" patent as respects the Burgess patents. *International Mfg. Co. v. Landon*, 336 F2d (9th Cir., 1964).

19. The April 1, 1976 Agreement and its Addenda thus went beyond any lawful exchange of blocking patents in that the invalid Winkler patent did not block

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the practice of any of the Burgess patents in some commercially suitable form.

20. But even if the Winkler patent, if valid, would have blocked the practice of the Burgess patents, the owner of the Burgess patents would have required no more than a non-exclusive license under Winkler to "unblock" its exploitation of the Burgess patents. It did not require what was tantamount to an exclusive license under the Winkler patent with a specific economic incentive provided by Bruck to plaintiff to induce plaintiff to take action to force all Bruck's and Laminated Plastic's major competitors to take licenses not only under plaintiff's Burgess and Clymin patents, but also under Bruck's invalid Winkler patent, such action including instituting patent infringement suits against those of such competitors who did not enter into prescribed license agreements with plaintiff. This April 1, 1976 agreement, then, was an unlawful combination on the part of plaintiff to monopolize or attempt to monopolize a portion of commerce in the United States. *United States v. Singer*, supra.

21. Since the Court has found: (a) that plaintiff and its controlling Giffen Industries, Inc., and the latter's other subsidiaries (all being sometimes referred to as "the Giffen Group") had a specific intent to control the prices of carpet seaming tape, and to destroy competition of Laminated Plastics, Inc. and Bruck Industries, Inc.; (b) that the Giffen Group, including plaintiff, engaged in predatory or anti-competitive conduct directed to accomplishing such unlawful purpose, including particularly entering into the unlawful combination with

*Appendix—Order for Amended Further Findings of
Fact and Revised Conclusions of Law.*

Bruck Industries, Inc.; and (c) there was a dangerous probability of success of plaintiff and others of the Giffen Group accomplishing such unlawful purpose; the Court concludes that plaintiff and the Giffen Group are guilty of an unlawful conspiracy and attempt to monopolize that part of commerce among the several states represented by the manufacture and sale of carpet seaming tape.

22. Since the Burgess patents-in-suit have been employed by plaintiff in the execution of said unlawful conspiracy and attempt to monopolize, said patents are further unenforceable by virtue of such misuse thereof.

23. Plaintiff and others of The Giffen Group, and Bruck Industries, Inc. have not sufficiently dissipated the effect wrought by their said misuse of the patents-in-suit, since the original trial of this action to be held to have purged themselves thereof.

24. Prejudice is presumed if a delay of over six years in the filing of an action for infringement has been established. *Gillons v. Shell Co. of Calif.*, 86 F.2d 600 (9th Cir., 1936), *Whitman v. Walt Disney Prod., Inc.*, 263 Fed 229 (9th Cir., 1958).

25. In the absence of notice to the alleged infringer that the patentee is delaying enforcement of his patent until the conclusion of a pending litigation, the pendency of such litigation does not constitute an excuse for a patentee's delay in enforcing his patent against an alleged infringer. *Jensen v. Western Irrigation and Manufacturing, Inc.* (Case #78-1550, decided by the U.S.C.A., 9 Cir., July 3, 1980).

Appendix—Order for Amended Further Findings of Fact and Revised Conclusions of Law.

26. The plaintiff and its predecessors-in-interest are guilty of laches in respect of defendants Best Seam, Vectron and Tasse, so that, were any of the patents-in-suit valid, plaintiff would not be entitled to recover any damages for past infringement and would be estopped to recover any damages after the filing of the present actions. *Jensen v. Western Irrigation and Manufacturing, Inc.*, *supra*.

27. In view of what Burgess had learned from Powell concerning Walters' earlier work in making and using hot melt adhesive carpet seaming tapes, Burgess knew that he was not the original and first inventor of the subject matter disclosed and claimed in the patents-in-suit, and hence, was not entitled to patent the same.

28. Burgess' oath of inventorship which he made, not only in applying originally for the '703 patent, but also in filing the C-I-P application in December 1966, was knowingly made falsely by Burgess, thereby enabling Burgess to procure the '703 patent and the patents-in-suit in fraud of the United States Patent and Trademark Office.

29. Burgess and/or his patent attorneys wilfully concealed from the United States Patent Examiner the facts concerning Walters' prior activities and Powell's demonstration of which Burgess had learned, as set forth in Findings Nos. A-151f and 151g, so that the '703 patent and the patents-in-suit were all further procured in fraud of the United States Patent and Trademark Office.

30. Although plaintiff and its predecessors must be charged with knowledge of such fraudulent patent pro-

*Appendix—Order for Amended Further Findings of
Fact and Revised Conclusions of Law.*

curement, either through knowledge of the attorneys who prosecuted said applications, or through what was learned by their attorneys in the course of the prosecution of the *Conso* litigation; and although plaintiff and its predecessors and co-conspirators have engaged in other inequitable conduct as set forth in the Court's findings of fact, the present is not deemed an "exceptional case" under 35 U.S.C. 285, so that defendants are not awarded their attorneys fees incurred in defending this litigation.

(ILLEGIBLE)

Judge

United States District Court

Dated: DEC 3 1980

NOT APPROVED

FULWIDER, PATTON, RIEBER,
LEE & UTECHT

By LAURENCE H. PRETTY

Laurence H. Pretty

Attorney for Plaintiff

Judgment.

William H. Pavitt, Jr. FILED
A Member of Smyth, Pavitt, Dec 3 1980
Siegemund & Martella Clerk, U.S. District Court
A Professional Corporation Central District of
4262 Wilshire Boulevard, California
Suite 320 By (Illegible) Deputy
Los Angeles, California 90010 LODGED
(213) 938-6251 2:19 PM
Attorney for Defendants Nov 25 '80
BEST SEAM INCORPORATED, Clerk
VECTRON, and U.S. District Court
EUGENE J. TASSE Central District of
California
By _____ Deputy
ENTERED
Dec 4 1980
Clerk, U.S. District Court
Central District of California
By _____ Deputy

Appendix—Judgment.

In the
UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

CV. NOS. 76-2738-R, 76-3196-R.

CARPET SEAMING TAPE LICENSING
CORPORATION, A Texas Corporation,

Plaintiff,

vs.

BEST SEAM, INCORPORATED,
A California Corporation,

Defendant.

CARPET SEAMING TAPE LICENSING
CORPORATION, A Texas Corporation,

Plaintiff,

vs.

VECTRON INDUSTRIES, INC.,
A California Corporation,
and EUGENE J. TASSE,
An Individual,

Defendants.

DEC 4 1980

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The matter having come on for trial before the Court on July 13, 20, 21 and 27, 1977, and the Court, on defendant's motion, made at the close of plaintiff's case, hav-

Appendix—Judgment.

ing made Findings of Fact and Conclusions of Law and entered on September 9, 1977, an Order for Judgment dismissing plaintiff's First Amended Complaint; and plaintiff having appealed to the Court of Appeals for the 9th Circuit which, by an opinion entered, April 9, 1980, reversed and remanded the cases for further proceedings in accordance with its said opinion; and the Court having further tried the matter on August 6, September 2 and September 5, 1980, and having heard oral arguments on behalf of the parties on the latter date, and having made and entered Amended and Consolidated Further Findings of Fact and Revised Conclusions of Law on _____, 1980; it is hereby ORDERED, ADJUDGED AND DECREED THAT:

1. The Court has jurisdiction over the parties and subject matter of the subject matter of the action and venue properly laid in this District.
2. Plaintiff is the exclusive licensee of the patents-in-suit, viz. United States Patents Nos. 3,400,038, 3,533,876, 3,563,830 and 3,755,058.
3. Each of said patents is invalid and unenforceable against defendants.
4. Plaintiff is barred by laches, and is estopped to assert each of '038, '876 and '830 patents against each of defendants.
5. Plaintiff's First Amended Complaint against defendants for infringement of each said patents is dismissed with costs to defendants, and judgment accordingly is hereby rendered on the First Counterclaim of defendant Best Seam, Incorporated.

A66

Appendix—Judgment.

DATED: DEC 3 1980

(ILLEGIBLE)

*Judge, United States
District Court*

NOT APPROVED

FULWIDER, PATTON, RIEBER,
LEE & UTECHT

By LAURENCE H. PRETTY

Laurence H. Pretty
Attorney for Plaintiff

**Table of Citations to Patent Cases
Involving Adjudications by Judge Real.**

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159 U.S.P.Q. 410	1968	1		1	--
161 U.S.P.Q. 772	1969	1		1	--
164 U.S.P.Q. 340	1970	1		1	--
167 U.S.P.Q. 711	1970	1		1	--
171 U.S.P.Q. 577	1971	3		3	--
175 U.S.P.Q. 81	1972	1		1	--
188 U.S.P.Q. 269	1975	1		1	--
190 U.S.P.Q. 287	1975	2		2	--
197 U.S.P.Q. 230	1977	5		5	--
204 U.S.P.Q. 434	1979	1		1	--
206 U.S.P.Q. 499	1979	2		2	--
209 U.S.P.Q. 108	1980	1		1	--
TOTALS		<hr/> 20	<hr/> 20	<hr/> 0	

No. 82-1875

IN THE

Supreme Court of the United States

October Term, 1982

CARPET SEAMING TAPE LICENSING CORPORATION, a Texas corporation,

Petitioner.

vs.

BEST SEAM, INCORPORATED, a California corporation,

Respondent.

CARPET SEAMING TAPE LICENSING CORPORATION, a Texas corporation,

Petitioner.

vs.

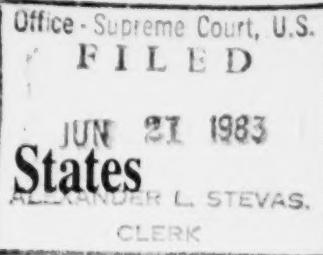
VECTRON INDUSTRIES, INC., a California corporation, and
EUGENE J. TASSE, an individual,

Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI.

WILLIAM H. PAVITT, JR.,
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Vectron Industries, Inc. and
Eugene J. Tasse.



Questions Presented.

From the standpoint of respondents, the questions presented are:

1. Should this Court entertain a petition for *certiorari* which seeks to have this Court establish a new requirement for corroboration of evidence of obviousness to invalidate a patent under 35 U.S.C. § 103, where the contention for such requirement is unsupported by the authorities, and was never asserted in the courts below until petitioner sought a rehearing in the Court of Appeals?
2. Should the United States Supreme Court ignore its "two-court rule" and review a decision of a regional Court of Appeals affirming a district court's holding patents invalid for obviousness on factual grounds?

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No. 82-1875

IN THE

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October Term, 1982

CARPET SEAMING TAPE LICENSING CORPORATION, a Texas corporation,

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vs.

BEST SEAM, INCORPORATED, a California corporation,

Respondent.

CARPET SEAMING TAPE LICENSING CORPORATION, a Texas corporation,

Petitioner,

vs.

VECTRON INDUSTRIES, INC., a California corporation, and EUGENE J. TASSE, an individual,

Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI.

Opinions Below.

The present petition is from the second decision of the Court of Appeals for the Ninth Circuit in the case, the first decision having reversed the trial court to send the case back for further trial, since the trial court had initially dismissed plaintiff's action on defendants' motion at the close of plain-

tiff's evidence. In so dismissing plaintiff's action, the District Court had made findings of fact and conclusions of law reported at 197 U.S.P.Q. 230. After the case was further tried, the District Court again found the patents-in-suit invalid on various grounds, including derivation and obviousness. The Court readopted its original findings of fact, filed September 8, 1977 *in toto*, and then proceeded to make extensive additional findings of fact and new conclusions of law, as set forth in pages A28 through A62 of the appendix to petitioner's petition/brief.

Upon petitioner's second appeal to the Court of Appeal for the Ninth Circuit, that Court affirmed the ruling of the trial court that each of the patents-in-suit is invalid for obviousness under 35 U.S.C. § 103, and the standards enunciated under *Graham v. John Deere Co.*, 383 U.S. 1 (1966) (Pet. appendix A8). However, the Court of Appeal reversed the trial court's holding that the patents-in-suit were also invalid for derivation, stating that the trial court's finding that there was clear and convincing evidence that the central concept underlying the Burgess inventions was derived from Walters' (prior) work cannot stand (Pet. appendix A15). The Court of Appeals also reversed the trial court on certain other issues which are not involved in the petition for *certiorari*.

Jurisdiction.

Respondents concur in the jurisdictional statement set forth on page 2 of petitioner's brief.

Statutory Provisions.

In addition to the statutory provisions quoted on pages 2 and 3 of the petition, respondents would add the following:

United States Code, Title 28:

“Section 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

“(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction —

“(1) of an appeal from a final decision of a district court of the United States, * * * if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, [relating to patents] * * *. ”

Statement of the Case.

This case involves a controversy over the origin of the use effective hot melt adhesives in carpet seaming. Contrary to what petitioner asserts to have been the principal problem in the use of hot melt adhesives, the real problem was the lack of a suitable adhesive.¹ The breakthrough occurred in or about November of 1965 in the form of a hot melt adhesive called “THERMO-GRIP” sold by United Shoe Machinery Co. as sticks and dispensable by means of an electrically heated gun into which the sticks were inserted. This “THERMO-GRIP” product and gun came to the attention of one Mr. Walters, an officer of the Mill Store, a carpet retail establishment in La Grange, Georgia, through his reading of the December 1965 issue of Popular Science Magazine (TR 8/6/80 pp. 48-49). Mr. Walters procured a “THERMO-GRIP” gun and adhesive and, for some time prior to January 31, 1966, experimented with the gun initially and, later, with the adhesive separately to make thermoplastic tapes and use them in both back seaming *and* face seaming of carpeting (TR 8/6/80 pp. 50-51, 53). On January 31, 1966, Walters actually had the “THERMO-GRIP” adhesive used by two of his store employees in making a carpet installation with open weave tape in back

¹Thus, Burgess testified at the first trial that when he tried to use tape with hot melt which was available some six months before February 1966, to seam carpeting, “it fell apart from its own weight.” (TR 7/13/77 pp. 21-22). Also, Walters testified that he “was continually looking for a new adhesive to use on tape” (TR 9/2/80 p. 104).

seaming the carpeting in the golf shop of the Georgia Warm Springs Foundation (TR 8/6/80 pp. 53-56).

On or about February 2, 1966, one Robert Powell, a salesman for a supplier to Mr. Walters' establishment, made one of his regular calls upon the latter and, in the course of his call observed a sample of hot melt adhesively seamed carpet on Mr. Walters' desk (DX DV pp. 8-9). In response to Powell's inquiry about this sample, Mr. Walters explained to, and showed Mr. Powell what Walters had been doing with the "THERMO-GRIP" adhesive, including both back seaming and face seaming with strips of tape which he had impregnated with the "THERMO-GRIP" adhesive and which, after cooling of the adhesive, he rolled up and later reactivated by reheating the adhesive (TR 8/6/80 pp. 59-62; TR 9/2/80 pp. 61-66; DX DV pp. 10, 13-27). The trial court heard Mr. Walters' testimony concerning what he had done, and what he had shown to, and discussed with Mr. Powell, on or about February 2, 1966 (TR 8/6/80 pp. 45-66; TR 9/2/80 pp. 54-106).

It was on the following day that Mr. Powell proceeded to Macon, Georgia where he called upon Mr. Burgess (DX DV pp. 27-29). There is no doubt that Mr. Powell told Mr. Burgess a great deal about what he learned on the previous day from Mr. Walters (TR 8/6/80 pp. 15-17, 18-26). A principal issue, however, was whether Mr. Powell told Mr. Burgess about Mr. Walters' face seaming work with pre-made tapes. The trial court found that Mr. Burgess had derived his so-called inventions from Walters through Powell and, in not disclosing his knowledge of Walters' work to the U.S. Patent Office, was guilty of fraud (Appendix to Petition p. A61). The Court of Appeals held that this finding was not sufficiently supported by testimony to the effect that Powell had disclosed to Burgess Walters' having face seamed with a precoated tape (*id.*, p. A15). The Court of

Appeals did, however, affirm the District Court's holding that the inventions of the patent-in-suit were invalid for obviousness under 35 U.S.C. 103 (id, pp. A12-13).

Because Mr. Walters felt that what he had done was too obvious to secure patent protection, he did not try to apply for a patent (TR 9/2/80 p. 102). Further, he felt that, without patent protection, "It wasn't worth spending a lot of money and proceeding in development and buying machinery." (TR 9/2/80 p. 102). Mr. Burgess, however, did proceed to file patent applications on hot melt carpet seamings.

Summary of Argument.

- I. Petitioner's principal point was not raised, litigated or passed upon in the lower courts.
- II. Petitioner makes no showing of error to avoid the "two-court rule" which makes concurrent findings of two courts below final in this Court.
- III. Petitioner misreads the opinion of the Court of Appeals.
- IV. There is no requirement of corroboration for prior or concurrent work of another to be considered as evidence of obviousness.
- V. The District Court did not act improperly.

ARGUMENT.

I.

Petitioner's Principal Point Was Not Raised, Litigated or Passed Upon in the Lower Courts.

Petitioner's contention that for a trial court to consider the work of an earlier inventor as "prior art" in determining obviousness under 35 U.S.C. § 103, such work must be "corroborated," was not raised before the District Court, and was only first raised as an afterthought in its petition for rehearing in the Court of Appeals.

This Court has previously indicated clearly that a point thus belatedly raised does not merit this Court's granting of a writ of *certiorari*.

See: *McCullough v. Kammerer Corp.*, 323 U.S. 327, 89 L.Ed. 273

Miree v. De Kalb County, 433 U.S. 25, 53 L.Ed. 2d 557

This is but a corollary of established appellate practice. As the Ninth Circuit stated in *Partenweederei, etc. v. Weigel*, 313 F.2d 423, 425 (9th Cir. 1962) c.d. 373 U.S. 904, 10 L.Ed. 2d 199:

"It is sound policy to require that all claims be presented to the trial court, and not raised for the first time on appeal, nor, a fortiori, as herein, in a petition for rehearing on appeal. This requirement sets the scope of the lawsuit, thereby preventing piecemeal litigation and consequent waste of the time of both trial and appellate courts. It assures that the opposing party will know the claims he must meet. It gives the appellate court the benefit of the district court's wisdom, and it prevents a litigant from asserting before this Court a claim which he deliberately chose, for reasons of strategy, not to assert below. We find here no persuasive reason for making an exception."

See also: *Stephens v. Arrow Lumber Co.*, 354 F.2d 732, 734 (9th Cir. 1966)

Chatz v. Medco Oil Co., 152 F.2d 153, 154 (7th Cir. 1946)

II.

Petitioner Makes No Showing of Error to Avoid the “Two-Court Rule” Which Makes Concurrent Findings of Two Courts Below Final in This Court.

This rule has been stated and alluded to in such cases as:

Rudolph v. United States, 370 U.S. 269, 8 L.Ed. 2d 484, reh. den. 371 U.S. 854, 9 L.Ed. 2d 93 (1962)

Graver Tank & Mfg. Co. v. Linde Air Prods. Co., 336 U.S. 271, 93 L.Ed. 672 (1949)

Berenyi v. Immigration Service, 385 U.S. 630, 17 L.Ed. 2d 656 (1967)

See also: Stern & Gressman, SUPREME COURT PRACTICE (5th ed., BNA) 290-291

In the words of this Court in *Berenyi*:

“The policy underlying the ‘two-court’ rules is obvious. This Court possesses no empirical expertise to set against the careful and reasonable conclusions of lower courts on purely factual issues. When, as here, resolution of the disputed factual issues turns largely on an assessment of the relative credibility of witnesses whose testimonial demeanor was observed only by the trial court, the rule has particular force.” (385 U.S. 630 at 635-636).

This “two-court” rule is particularly apposite to the present patent case where disputed factual issues were resolved by the District Court which heard the most important witnesses, and the District Court’s factual findings and conclusion of obviousness of the patents were affirmed by the

Court of Appeals for the Ninth Circuit.²

In essence, petitioner's real contention advanced in its petition is that both the District Court, and the unanimous Court of Appeals for the Ninth Circuit, committed reversible error in making those factual findings (and sustaining such findings) on the basis of which the alleged inventions of Mr. Burgess in the carpet seaming field were held by those Courts to be "obvious," and the patents, therefore, invalid under 35 U.S.C. § 103.

On this issue, the conflict in evidence was essentially between Mr. Burgess, the alleged "inventor," and a paid expert witness called by petitioner, on the one hand, and Mr. Walters and Mr. Powell, presented by the defendants, on the other hand. Mr. Walters testified in person at the second trial; Mr. Powell testified by way of deposition. The trial court had full opportunity to observe the demeanor of Mr. Burgess and petitioner's paid expert witness, on the one hand, and that of Mr. Walters (who testified for two days), on the other hand, and to determine their respective credibility and the appropriate weight to be given to their testimony. Among other facts, Walters' testimony particularly established the following:

1. As soon as the new "THERMO-GRIP" adhesive came to the attention of Mr. Walters in November, 1965, and he was shortly thereafter able to procure the same, it occurred to Walters to try it for seaming carpeting and by January of 1966 he made up tapes *precoated* with hot melt adhesive and had used them for both back seaming and *face seaming* (TR 8/6/80 pp. 49-53 and TR 9/2/80 pp. 56-62).

²It should be noted in passing that, since October 1, 1982, all appeals from district court judgments in cases where jurisdiction has been or is predicated upon United States patents, are directed exclusively to the new United States Court of Appeals for the Federal Circuit [28 U.S.C. 1295(a)].

2. Walters, a man of ordinary skill in this art, testified that to him it was obvious to use tapes precoated with hot melt adhesive for both back seaming and face seaming (TR 9/2/80 pp. 66-67; TR 8/6/80 pp. 61-62). Petitioner's statement to the effect that the testimony of its experts was "uncontroverted" on the issue of obviousness (Pet. p. 22) is thus in error.

3. Because Walters felt the process was so obvious, he determined it was not worth seeking to obtain the patent protection on the same (TR 9/2/80 p. 102).

4. Powell, who was also experienced in carpet installing, testified that he did not think Burgess had a right to seek a patent because "at that time, with the other products that had been on the market, I thought it was too closely related to the product that Bigelow-Sanford had out." (DX DV pp. 42-43). This, in effect, was this layman's simple way of stating that the product was obvious to him.

With respect to Burgess' own testimony and the admitted facts in the pretrial order, the following was established:

Powell learned of Walters' work on February 2, 1966 when he visited the Mill Store of Walters in La Grange, Georgia.

On the following day, Powell visited Burgess' place in Macon, Georgia and at least told Burgess about the "THERMO-GRIP" adhesive and the dispensing gun about which he had learned from someone at the Mill Store.

Burgess admitted that a few weeks later he initiated a call to the Calloway Mills (of which the Walters' Mill Store was the outlet store), but was not able to reach anyone who knew anything about "a thermoplastic tape," (i.e., Walters) (TR 8/6/80 pp. 17-18).

Within six weeks, Burgess had signed his initial patent application in New York City en route to an appointment

in Boston to meet with United Shoe Machinery Co. (the manufacturer of THERMO-GRIP) in an unsuccessful effort to interest the latter in "his invention."

Respondent submits that if there was not derivation of the invention by Burgess from Walters through Powell, as the Court of Appeals held,³ Burgess' immediate use of the new "THERMO-GRIP" adhesive to seam carpeting after Powell's visit on February 3, 1966, is wholly consistent with the affirmed finding of obviousness (based upon Walters' testimony and other evidence).

The trial court finding cannot be set aside unless clearly erroneous [Federal Rule 52(a)]. The Court of Appeals held it was not.

Petitioner disagrees with the two courts below on their weighing of this evidence, and, therefore, now seeks to have this Court reweight it. No adequate reason, however, is presented in the petition for this Court to depart from its "two-court" rule, or to subvert the policies served by that rule.

III.

Petitioner Misreads the Opinion of the Court of Appeals.

In its argument, petitioner asserts, in effect, that what Walters had done in face seaming, if not disclosed to Burgess to support *a defense of derivation* under 35 U.S.C. § 102(f) (as the Court of Appeals held), would not be avail-

³The trial court specifically found Burgess had derived his so-called invention from Walters through Powell, and was guilty of fraud in failing to disclose this to the Patent Office. The Court of Appeals reversed the trial court on this finding (for lack, it stated, of specific evidence that Powell had passed on to Burgess a disclosure of certain elements of Walters' work). While respondents still believe that derivation, in fact, did take place, and that the trial court's finding was fully supported by the record, that issue has become moot, since the Court of Appeals affirmed the trial court judgment in favor of respondents on the issue of obviousness.

able against Burgess as prior art under 35 U.S.C. § 102(g) and 103 (Pet. p. 16). Respondents submit that in making this assertion petitioner is simply seeking to generate confusion as to the real issue in an effort to make it appear that the present case involves some point of patent law.

In order to clarify the situation, respondents offer the following:

In the first place, even though the Court of Appeals held that Walters' work in face seaming was partially uncorroborated, it did not hold that Walters was not the prior inventor under 102(a) or (g), but only that the trial court's finding that "there was clear and convincing evidence that the central concept underlying the Burgess invention was *derived* from Walters' work, as disclosed to Burgess by Powell cannot stand" (emphasis supplied) (Pet. Appendix A15).

In the second place, corroboration of the work of a prior inventor is not always required, as where the district court is persuaded by hearing the testimony of a witness and considering exhibits introduced in conjunction with such testimony.

See: *E. I. Du Pont de Nemours v. Berkley & Co., Inc.*, 620 F.2d 1246, 1261 (8th Cir. 1980)

In addition, petitioner's statements, to the effect that Walers' work represented only secret abandoned experiments not communicated to the public, ignore the evidence of record.

Walers' work was not an abandoned experiment. He had reduced the alleged face seaming to practice, and used it commercially "on a number of seams in the store," to make up "runners," and "on small jobs in the store" (TR 8/6/80 p. 53). Walters also used his technique to make at least one public installation by back seaming (*id.*). Moreover, he

did not hide what he had done, having a seamed carpet sample on his desk for anyone to see, as Powell did, and, when asked about it, Walters immediately took time to explain what he had been doing to Powell (TR 8/6/80 p. 60). Indeed, it was *by* such willing disclosure by Walters to Powell that Burgess was introduced to the subject. Thus, Walters cannot be charged with concealment of what he had been doing in hot melt carpet seaming work — and certainly not by Burgess.

In its petition, petitioner has omitted any reference to the key fact that the first time an adhesive effective for carpet seaming became available was when United Shoe Machinery Co. put its "THERMO-GRIP" adhesive and "THERMO-GRIP" gun on the market. Yet, this was the very adhesive referred to in Burgess' first filed patent application (DX C).

The availability of this "THERMO-GRIP" adhesive enabled Walters to engage in his work which included making precoated tapes and actually seaming carpeting in the Mill Store in January of 1966 (TR 8/6/80 pp. 51, 53), culminating in the commercial installation of hot melt seamed carpeting in the golf shop of the Georgia Warm Springs Foundation on January 31, 1966 (TR 8/6/80 pp. 53-55). That Walters both back seamed and face seamed with precoated tape was corroborated by Powell's deposition testimony (DX DV pages 16-31). What the Court of Appeals felt was not sufficiently corroborated to invalidate the patents for derivative under 35 U.S.C. § 102(a), (f) and (g), apparently, was that Powell on February 3, 1966 had explained *all* of what Walters had done, *including face* seaming to Burgess. It did, however, affirm the district court's invalidation of the patents for obviousness (Pet. A 12-13).

IV.

There Is No Requirement of Corroboration for Prior or Concurrent Work of Another to Be Considered as Evidence of Obviousness.

Petitioner seeks to import into the test for obviousness under 35 U.S.C. § 103, certain requirements for the invalidation of patents under Section 102 (a), (f) and (g), as, for example, corroboration, and that the prior invention not have been abandoned or withheld from the public. This, however, has uniformly *not* been the law.

Thus, in *Servo Corp. of America v. G. E. Co.*, 337 F.2d 716 (4th Cir. 1964), the Court stated at p. 720:

“While it is true that both the master and the district court doubted that Fattor’s proposals received the degree of publicity necessary to constitute prior art and while there is no evidence that Servo ever learned of them, nevertheless they constitute evidence of the obviousness of this position as one which would logically be considered for a permanent installation by anyone skilled in the art. *United States Pipe and Foundry Co. v. Woodward Iron Co.*, 327 F.2d 242 (4 Cir.), rehearing denied, 329 F.2d 578 (4 Cir. 1964).” (emphasis supplied)

In *Felburn v. New York Central Railroad Company*, 350 F.2d 416, the Court, after acknowledging a question as to whether a brochure qualifies as a publication under Section 102, stated at p. 425:

“Instead, we find in Behrens’ testimony and the brochure credible evidence of an *independent development* of the subject matter of the ’636 patent by a third party, which we here regard as *persuasive* that the claimed invention *would have been obvious* to one of ordinary skill in this art. See *Lempco Prods., Inc. v. Simmons*, 140 F.2d 58 (6th Cir. 1944).” (emphasis supplied)

Similarly, in *Del Mar Engineering Laboratories v. United States*, 524 F.2d 1178 (Ct. Cl., 1975), the court held that although a classified document would not qualify as an invalidating publication under 35 U.S.C. 102(a), it supplied “*probative evidence of what the general level of skill in the art was at the time the instant invention was made.*” (524 F.2d 1182-3). (emphasis supplied)

Among other cases which have held that classified reports not qualifying as “prior art” under Sections 102 and 103, may nevertheless be considered as evidence of obviousness under Section 103, are:

Lockheed Aircraft Corp. v. United States, 553 F.2d 69, 78 (Ct. Cl., 1977);

Simmons Precision Products v. United States, 153 U.S.P.Q. 465, 468 (Ct. Cl., 1977).

It is thus clear that in determining the level of skill in the art and “obviousness” under 35 U.S.C. § 103, a district court may consider facts relating to what others have done prior to the alleged inventors, even though such facts would not be sufficient to qualify such prior acts or reports as “prior art” under one of the subsections of 35 U.S.C. § 102.

The case of *In re Clemens*, 622 F.2d 1029 (CCPA, 1980) cited and quoted from by petitioner is not to the contrary. That case involved prosecution of a patent application in which the Examiner relied upon a patent issued on an application assigned to a common assignee. The Court ruled that the applicant Clemens, on the record, could not be charged with knowledge, as *prior art*, of the invention of the prior patentee which was also not known to the public. This is quite different from the case at Bar where the Court of Appeals treated Walters’ prior work not as “prior art,” but rather as *evidence* of the level of skill in the art, in accordance with the numerous authorities cited and dis-

cussed hereinabove.

The prior art in the present case comprised the patents which were before the trial court, starting with *Higgins* in 1933 which taught face seaming, and the other patents which disclosed such things as impregnated tapes and paper backed tapes. The prior art also comprised the new THERMO-GRIP adhesive introduced by United Shoe Machinery Co. in November 1965.

With this prior art before the Courts below, the focus then shifted to ascertaining the level of ordinary skill in the art and determining whether what Burgess claimed he invented, would have been obvious to such a person of ordinary skill.

In so following the formula prescribed by this Court in *Graham v. John Deere Co.*, 383 U.S. 1, 15 L.Ed. 2d 545, 86 S. Ct. 684 (1966), the district Court concluded that the alleged inventions of the patents-in-suit would have been obvious under 35 U.S.C. 103. In reaching this conclusion, the District Court was entitled to accept, as the Court of Appeals held, as evidence of the level of ordinary skill in the art, what Walters in fact had done, and his testimony as to what was obvious to him, in the way of hot melt carpet seaming as soon as the "THERMO-GRIP" adhesive became available — irrespective of whether his testimony was corroborated to the extent apparently required by the Court of Appeals to show proof of derivation by Burgess to invalidate the patents under 35 U.S.C. § 102 (a), (f) and (g).

V.

The District Court Did Not Act Improperly.

Petitioner criticizes the District Court for having "a lifetime judicial record of having decided twelve patent cases" in which he found invalid all twenty patents involved in those cases (Pet. p. 13). Petitioner does not, however, pro-

vide any statistics as to the number of cases which the District Court was affirmed by the Court of Appeals for the Ninth Circuit.

A careful review of all of Judge Real's cases will reveal that in *no case* where his invalidation of a patent or patents was appealed, has the Court of Appeals reversed and held a patent valid (as distinguished from reversing a summary judgment because of a possible issue of fact). This indeed appears to be a most remarkable record for the District Court's more than seventeen years on the District Court bench.

Perhaps the answer to petitioner's observation concerning Judge Real's record is that in most cases where patents are litigated, it is because the patents have apparent deficiencies or failings, and such deficiencies or failings are recognized and adjudicated by such experienced and intelligent jurists as Judge Real.

Petitioner also criticizes the District Court for having adopted the findings submitted on behalf of respondents. However, it should be noted that both parties stipulated, and the District Court therefore ordered, that the parties would file in advance of the second trial, proposed findings of fact and conclusions of law and did so on July 18, 1980. (See Docket Sheet R. 388). Respondents submit that it ill becomes petitioner — having invited this very procedure by the trial court — to complain after losing at trial that the District Court adopted respondents', instead of petitioner's proposed findings of fact and conclusions of law.

Conclusion.

Both courts below held that there was sufficient evidence to sustain the finding made by the trial court that the alleged "inventions" here in suit were obvious to persons of ordinary skill in the art and that the patents-in-suit were there-

fore invalid. Petitioner's attempt to subvert this result by advancing arguments not made in the two courts below is untimely, unfair and entirely without merit.

The petition for *certiorari* should be denied.

Respectfully submitted,

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Attorney for Respondents.

IN THE

Supreme Court of the United States

ALEXANDER L. STEVAS.
CLERK

October Term, 1982

CARPET SEAMING TAPE LICENSING CORPORATION,
a Texas corporation,

Petitioner,

vs.

BEST SEAM, INCORPORATED, a California corporation,

Respondent.

CARPET SEAMING TAPE LICENSING CORPORATION,
a Texas corporation.

Petitioner,

vs.

VECTRON INDUSTRIES, INC., a California corporation, and
EUGENE J. TASSE, an individual,

Respondents.

REPLY TO RESPONDENTS' BRIEF IN OPPOSITION TO
PETITION FOR CERTIORARI AND SUPPLEMENT
TO THE APPENDIX

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IN THE
Supreme Court of the United States

October Term, 1982

No. 82-1875

**CARPET SEAMING TAPE LICENSING
CORPORATION, a Texas corporation,**

Petitioner,

vs.

**BEST SEAM, INCORPORATED,
a California corporation,**

Respondent.

**CARPET SEAMING TAPE LICENSING
CORPORATION, a Texas corporation,**

Petitioner,

vs.

**VECTRON INDUSTRIES, INC., a California corporation,
and EUGENE J. TASSE, an individual,**

Respondents.

**REPLY TO RESPONDENTS' BRIEF IN OPPOSITION
TO PETITION FOR CERTIORARI AND
SUPPLEMENT TO THE APPENDIX**

I. Respondents Are Wrong In Claiming That Petitioner's Principal Point Was Not Raised, Litigated and Passed Upon in the Lower Courts.

Respondents are wrong in claiming that the issues raised by this Petition, concerning the unavailability of the Walters' work as prior art, were not raised before the lower courts. Respondents first advised Petitioner that they intended to present a defense based on the work of Mr. Walters in July 1980, the month before trial. Petitioner presented its arguments against the availability of the Walters' work as prior art in a brief filed immediately after Mr. Walters had testified. The brief, "Plaintiff's Post Trial Brief on the Walters' Prior Invention Defense and Powell Derivation Defense," was served and filed on September 4, 1980, pursuant to Judge Real's order from the bench on September 2, 1980 (RT 9-2-80:112), before final argument on September 5, 1980. A copy is reproduced at the end of this Reply as a Supplement to the Appendix.

The trial court implicitly ruled for Petitioner on the unavailability of Walters' work as prior art because its findings (drafted by Respondents' counsel) on the issue of obviousness, Nos. 110e, 110f and 155m, carefully avoid any reliance upon the work of Walters as prior art. Judge Real relied on the work of Walters only for the derivation defense, which the Ninth Circuit subsequently reversed.

Petitioner can hardly be faulted for not repeating its arguments against Walters as prior art in its appeal to the Ninth Circuit when the trial court had not utilized Walters as prior art for the obviousness defense. The first time that Walters' claim, to have face seamed with precoated tape, was used as prior art for the obviousness defense was when the Ninth Circuit did so, *sua sponte*, in its opinion. At that point, Petitioner repeated its arguments concerning the

unavailability of Walters as prior art in its petition for rehearing, as Respondent admits (Oppn. 6).

Accordingly, because the issues of this Petition were raised in the lower courts, the precedents cited by Respondent (Oppn. 6-7) concerning issues raised for the first time before this Court, are not on point.

II. Respondents Misunderstand the "Two-Court Rule" in Attempting to Apply It to the Issue of Obviousness of a Patent.

Respondents argue that this Court should not reverse the holding of obviousness on a theory that, because the appellate court affirmed the trial court, there is a "two-court rule" which should bar review. Respondents rely upon *Berenyi v. Immigration and Naturalization Service*, 385 U.S. 630, 636, 87 S.Ct. 666 (1967) for the proposition that this Court should not overturn the decision of lower courts on "purely factual issues" when their resolution turns largely on an assessment of the relative credibility of witnesses whose testimonial demeanor was observed only by the trial court. In *Berenyi*, a naturalization case, the issue was whether the petitioner had at one time been a member of the Communist Party in his native land. The petitioner relied on his testimony that he had not been a party member against the testimony of the two witnesses who testified that he had.

This patent case is not a suitable one for application of the two-court rule situation because the issue of obviousness is not a "purely factual issue". Obviousness of an invention, although based upon several factual inquiries, is ultimately a legal conclusion, *Graham v. John Deere Co.*, 383 U.S. 1, 17, 86 S.Ct. 684, 694 (1966); *Nickola v. Peterson*, 580 F.2d 898, 911 (6th Cir. 1978);

cert. denied, 440 U.S. 961 (1979); *Stevenson v. International Trade Commission*, 612 F.2d 546, 549 (C.C.P.A. 1979). Further, the relative credibility of Mr. Walters and Mr. Powell compared to other witnesses is not involved on most of the factual inquiries involved in reaching the legal conclusion of obviousness. They did not testify, for example, concerning the basic factual inquiries mandated by *Graham v. Deere* into the scope and content of the prior art and its differences from the claimed inventions. Nor did they testify concerning such secondary considerations as failure of prior workers, long-felt need or commercial success. In sum, because obviousness is not "a purely factual issue" and because many of the factual inquiries which it involves do not turn on assessments of relative credibility, the two-court rule is not suitable to this case.

Respondents, in apparent concession of their inability to meet their burden of proving that Walters actually face seamed with precoated tape before Mr. Burgess, shift their reliance upon Mr. Walters to his testimony at trial that it was obvious to do so (Opp. 9). It would effectively sweep aside the precedents (Pet. 16-17) that have required corroboration of a claim of prior invention to permit a self-proclaimed inventor, who is unable to corroborate his claim, to defeat the patent by falling back to the easier assertion that the patented invention would have been obvious.

III. Respondents' Fail to Show That Petitioner Has Misread the Opinion of the Court of Appeals.

While the title of Section III of the Opposition asserts that Petitioner has misread the appellate opinion, Respondents' arguments fail to show any respect in which Petitioner has done so.

Respondents cite *E. I. duPont de Neumours & Co. v. Berkley and Co.*, 620 F.2d 1247 (8th Cir. 1980) for the proposition that corroboration of the work of a prior inventor is not always required. Respondents neglect to point out that the *duPont* court held that unsupported oral testimony "must be regarded with suspicion and subjected to close scrutiny" and that it proceeded to find the oral testimony of an alleged prior user and five supporting witnesses insufficient to establish a prior use (at pp. 1261-62). In the present case, not even one witness testified that he had seen Mr. Walters face seam with a precoated tape. No case has been cited by Respondents in which the burden of proof imposed on one claiming a prior use has been carried just by the oral testimony of the self-proclaimed prior user.

Respondents next argue that Walters' work was not abandoned. In doing so, they ignore *International Glass Co. v. United States*, 408 F.2d 395 (U.S. Ct. Cls. 1969), cited and quoted in the Petition at page 19, which holds that abandonment is a legal conclusion that follows if the inventor never takes steps to make it publicly known, or to file a patent application, or to describe the invention in a publicly disseminated document or to use the invention publicly. Walters did none of these things (Pet. 13).

Respondents accuse Petitioner of omitting any reference to a "key fact" that Thermogrip adhesive was allegedly the first to be effective for carpet seaming (Opp. 12). This supposed key fact was dismissed by the Ninth Circuit as "without any support on the record" (694 F.2d at p. 576, fn.6).

IV. Respondents May Not Evade The Need for Corroboration of Claims of Prior Invention, Which Fail to Qualify as Prior Art, by Renaming the Same Claims "Evidence of Obviousness".

Respondents have not mentioned or tried to distinguish the leading precedents (Pet. 16-17) which require corroboration of a claim of prior invention. Nor have they mentioned or tried to distinguish any of the leading precedents (Pet. 18-19) which reject as prior art a claimed prior use that was abandoned without communication to the public. Respondents' silence is a mute concession that the uncorroborated and abandoned work of Walters fails to qualify as prior art.

Instead, Respondents propose that, if the claims of Mr. Walters fail to qualify as prior art, they may be renamed "evidence of obviousness" to make them available. If such word play could evade the requirement of corroboration, the safeguards created by the courts to protect successful inventors against the unjustified claims of those who fancied themselves as prior inventors would be washed away. Examination of the cases cited by Respondents (Opp. p. 13) does not, however, support their theory.

In *Servo Corp. v. G. E. Co.*, 337 F.2d 716 (4th Cir. 1964), *cert. denied*, 383 U.S. 934, *rehearing denied*, 384 U.S. 914 (1966) the court relied on proposals advanced by a Mr. Fattor as evidence of obviousness (337 F.2d at 720). Mr. Fattor's proposals were documented in a patent application and in a proposal which he had presented to the Association of American Railroads, as described in the lower court opinion, 220 F. Supp. 473 at p. 482 (W.D. Va. 1963). In *Felburn v. New York Central Railroad Co.*, 350 F.2d 416 (6th Cir. 1965), *cert. denied*, 383 U.S. 935 (1966), the court relied upon prior work of one Behrens as

evidence of obviousness (at p. 425). The Behrens invention was embodied in a brochure, disclosing a freight-handling system virtually identical to that claimed in the patent-in-suit, which he had distributed to the trade (at p. 424).

Neither *Servo Corp.* nor *Felburn* supports Respondents in their theory that uncorroborated oral testimony of a prior inventor can be relied upon as evidence of obviousness. In both those cases, there was unimpeachable contemporary documentation of the prior invention, which provided the basis that the court used for its determination of obviousness. No such documentation exists of Mr. Walters' claim to have face seamed with precoated tapes and there is no support from any witness who can recollect that he did so.

The remaining three cases cited by Respondents (Opp. 14) are *Del Mar Engineering Laboratories v. United States*, 524 F.2d 1178 (U.S. Ct. Cls. 1975); *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69 (U.S. Ct. Cls. 1977) and *Simmons Precision Products, Inc. v. United States*, 153 U.S.P.Q. 465 (U.S. Ct. Cls. 1967) at page 14 of the Opposition. Each of those cases involved a prior invention which was under a national security classification and, therefore, not available to the public. On policy grounds, the courts in these cases held that the circumstance of a national security classification should not prevent prior inventions from being used as evidence of obviousness. The rationale of these cases based on national security considerations is not applicable to the present situation where Walters' prior use is unavailable, not because it is under a national security classification, but because it was uncorroborated and abandoned.

V. Judge Real's Record in Patent Cases Speaks for Itself.

It is not Petitioner's purpose on this appeal to be led by Respondents into an *ad hominem* attack upon Judge Real. In drawing attention to Judge Real's record of invalidating all of the twenty patents that he has adjudicated in his lifetime career, Petitioner has done so for the limited and necessary purpose of making clear that the trial court's findings, written by Respondents' counsel, should be viewed with a particularly critical eye.

Respondents assert that Judge Real has seldom been reversed in patent cases. Respondents gloss over the fact that Judge Real has been reversed *twice* in this case in holding the three Burgess patents invalid for fraud on the Patent Office and for patent misuse on grounds which the Ninth Circuit held both times were without legal or factual support. He was reversed for improvidently granting summary judgment of patent invalidity in *Northrop Architectual Systems v. Lupton Manufacturing Co.*, 437 F.2d 889 (9th Cir. 1971).

Conclusion

Respondents' Opposition does establish two things. First, that the obviousness defense cannot be sustained without reliance upon the claim of Mr. Walters to have face seamed with precoated tape before Mr. Burgess. Second, that Petitioner has been unable to justify the Ninth Circuit's rejection of the well-established law that makes the Walters' prior use unavailable because it is uncorroborated and was abandoned without communication to the public. If certiorari were to be granted, the conclusion is inescapable that the finding of obviousness would have to be reversed.

In apparent recognition of this result, Respondents' brief makes several references to the creation of the new Court of Appeals for the Federal Circuit (C.A.F.C.). Because the C.A.F.C. is not involved in this appeal, Respondents' references are a thinly veiled hint to this Court to decline certiorari and leave it to the C.A.F.C. in some future case to correct the error in the law introduced by the Ninth Circuit's reliance on an uncorroborated, abandoned and non-public prior use. Petitioner submits that this Court should reject such an approach because of the public importance of the issue involved, because of the stature of these inventions and because it would be unjust.

No issue could be of greater importance of maintaining the incentive to inventions provided by the patent system than preventing weakening of the safeguards which protect inventors against the meritless claims of fancied prior inventors that successful inventions frequently spawn. The inventive community should not be exposed on the basis of the Ninth Circuit's error to years of uncertainty until another case finds its way to the C.A.F.C. presenting the same issue.

The Burgess inventions, it is conceded, are among the rare group of inventions that have revolutionized the way an entire trade conducts its basic skill. They have attracted great attention among the thousands of people who depend upon carpet installation for their livelihood. For inventions of such prominence to be struck down by the Courts on an unsubstantiated claim of prior invention would have a visible and negative public impact upon the worth of patents and the willingness of the courts to protect inventors. The public importance of the patents speaks strongly for this Court's review by certiorari.

Finally, it would be unjust. The Ninth Circuit has found that Mr. Burgess did not derive his inventions from Walters but started at the point in which the art had been deadlocked for thirty years, the knowledge that hot-melt could be applied to join carpet by back seaming. From this point, he made the breakthrough that liberated carpet installers from the endless drudgery of sewing long seams by hand and speeded and simplified installation of carpet throughout the land. Against this achievement, it would be fundamentally unfair for Mr. Burgess to be deprived of the reward promised by his patents by perpetuation of the basic error of patent law made by the Ninth Circuit.

Respectfully submitted,

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LEE & UTECHT
By LAURENCE H. PRETTY

SUPPLEMENT TO THE APPENDIX

**Plaintiff's Post Trial Brief on the Walters'
Prior Invention Defense and the Powell
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Clerk U.S. District Court

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*Supplement to the Appendix—Plaintiff's Post Trial
Brief on the Walters' Prior Invention Defense
and the Powell Derivation Defense.*

IN THE UNITED STATES DISTRICT COURT
For the Central District of California

Civil Action No. 76-2738-R

CARPET SEAMING TAPE LICENSING
CORPORATION, a Texas corporation,

Plaintiff,

v.

BEST SEAM, INCORPORATED,
a California corporation,

Defendant.

Civil Action No. 76-3196-R

CARPET SEAMING TAPE LICENSING
CORPORATION, a Texas corporation,

Plaintiff,

v.

VECTRON INDUSTRIES, INC.,
a California corporation; and
EUGENE J. TASSE, an individual,

Defendants.

*Supplement to the Appendix—Plaintiff's Post Trial
Brief on the Walters' Prior Invention Defense
and the Powell Derivation Defense.*

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*Supplement to the Appendix—Plaintiff's Post Trial
Brief on the Walters' Prior Invention Defense
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<i>In Re Clemens et al.</i> , 622 F.2d 1029 (C.C.P.A. 1980)	14a
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<i>Lockheed Aircraft Corp. v. United States</i> , 553 F.2d 69 (Ct. Cl. 1977)	7a, 12a
<i>Mason v. Hepburn</i> , 13 App. D.C. 86 (D.C. App. 1898)	13a, 14a
<i>Stearns v. Tinker and Rasor</i> , 220 F.2d 49, 55 (9th Cir. 1955)	12a
<i>Washburn and Moen Mfg. Co. v. Beat 'Em All Barbed-Wire Co. (The Barbed Wire Case)</i> , 143 U.S. 275, 12 S.Ct. 443 (1892)	7a, 15a

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INTRODUCTION

The Burgess inventions that have revolutionized carpet installation are founded on an entirely new concept—face seaming with a paper backed hot-melt tape prepositioned under the carpet edges by applying heat directly to the adhesive from between the upraised carpet edges. The Patent Office allowed the Burgess patents over extensive prior art showing the long known but never adopted technique of back seaming using a hot-melt tape, backed with a barrier, applied to the carpet backs by an iron pressed against the barrier. Mr. Burgess has described how he became interested in attempting to devise a way to use hot-melt glue to make carpet seams after a demonstration made to him at the beginning of 1966 by a Mr. Buzz Powell who utilized a hot-melt glue gun in his presence to join two scraps of carpet from the back.

If that was all Mr. Powell disclosed, it adds nothing to the case, it is less relevant than the cited prior art. If Defendants are to make anything of their asserted Walters and Powell defenses, they must prove more. For a prior invention defense based on the work of Mr. Walters they must prove (i) that Mr. Walters faced seamed with a paper backed hot-melt tape before Mr. Burgess, and (ii) if so, that his work did not fall into disuse without being communicated to the public. For a derivation defense under 35 U.S.C. 102(f), Defendants must prove that the concept of face seaming with a paper backed hot-melt tape was not Mr. Burgess' original contribution but was disclosed to him by Mr. Powell.

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**PART A: THE WALTERS PRIOR INVENTION
DEFENSE**

**PROOF OF PRIOR INVENTION BY ORAL
TESTIMONY MUST BE BEYOND A REASONABLE
DOUBT**

The claims of those who emerge from obscurity only after the success of a patented invention to assert that another was first, are regarded with suspicion by the courts, *Washburn and Moen Mfg. Co. v. Beat 'Em All Barbed-Wire Co.* (The Barbed Wire Case), 143 U.S. 275, 12 S.Ct. 443 (1892); *Food Machinery Corp. v. Pacific Can Co.*, 66 F.Supp. 109 (N.D. Cal. 1946); *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69, 75 (Ct. Cl. 1977). As the Supreme Court ruled long ago in the *Barbed Wire* case, *supra*,

"In view of the unsatisfactory character of such testimony, arising from the forgetfulness of witnesses, their liability to mistakes, their proneness to recollect things as the party calling them would have them recollect them, aside from the temptation to actual perjury, courts have not only imposed upon defendants the burden of proving such devices, but have required that the proof shall be clear, satisfactory, and beyond a reasonable doubt." (At p. 447)

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**THE PROOFS PRESENTED OF PRIOR INVENTION
BY WALTERS**

**No Evidence Corroborates Mr. Walters' Claim to Have
Face Seamed With A Precoated Tape Before Mr. Burgess**

The only physical evidence produced in support of the Walters' story is a joined section of carpet, Dx DN, removed in 1970 from an installation which Mr. Walters testified had been made at the Warm Springs golf shop on January 31, 1966. That carpet was installed by back seaming utilizing glue guns to squirt molten hot-melt on the carpet backs followed by application of an open mesh tape pressed into the glue with the tip of the gun, Walters TR. 87:3-10).

The only Walters' 1966 documents containing a description of his method of using hot-melt are his April 6, 1966 letter to U. S. Shoe Machinery Co., Dx DE, and his disclosure document, Dx CQ, ostensibly dated February 28, 1966, Dx CQ. His April 6, 1966 letter on its face describes back seaming, which Mr. Walters confirmed at the trial, Walters TR. 83:15-84:2. The disclosure of technique in document Dx CQ is the same description of back seaming which appears verbatim in April 6 letter.

Mrs. Walters testified that she never personally saw her husband install tape at all, Patricia Walters Dep. p. 7.

Mr. Powell claimed to have seen Walters face seam using a glue gun to extrude molten glue onto the tape and press on the edges, Powell Dep. 19-20. He

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characterized that as, "Face up it was a pain in the can the way we were doing it with that little gun.", Powell Dep. 19:14-15.

Mr. Powell could not remember whether Walters showed him face seaming with premade tape, as follows:

"Q. Did Mr. Walters show you any premade tape that had already contained cooled hot melt adhesive?

"A. I just told you that.

"Q. Did he use that tape to face-seam?

"A. I don't remember." [Powell Dep. 21:1-5]

There Is No Physical Evidence Or Corroborated Documentation of Backed Hot-Melt Tape Made by Walters Before Burgess

The only physical piece of tape that has been produced is the tape attached to the carpet removed from the Warm Springs golf shop, Dx DN. That tape has no backing.

Although there was a photograph Dx DT of a piece of tape which Walters claims to have been the type of tape he made before January 31, 1966, Walters TR. 61:2-8, on cross-examination he could not say for a fact whether "...this is the actual tape I made or not . . .", Walters TR. 88:13-89:12. The existence and date of origin of the piece of tape shown in Dx DT was not corroborated by the testimony of any other witness.

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The April 6, 1966 letter, Dx DE, provides no evidence that, if any samples were enclosed, they were other than pieces of uncoated "...nylon or fiberglass mesh or cotton duck". Those are the only materials referred to in this letter and the letter makes no reference to a backing of any kind. Mr. Walters, himself, cannot say for certainty whether he sent U.S.M. a piece of tape or not (Walters TR. 76:5-8). He attempted to recover his letter and any samples that might have been attached from U. S. Shoe Machinery Co. at the beginning of 1970. However, U.S.M. had no such letter or any samples in its file or correspondence with Mr. Walters, PX 163.

The only document to refer to a backing is a Memorandum, Dx CQ, bearing a spurious notarization, Mr. Walters testified, without corroboration, that Dx CQ had been signed on February 28, 1966 by a notary, who affixed his notarial stamp after he had witnessed Mr. Walters sign the document before him on that day, Walters TR. 80:21-81:4. The supposed notary, Mr. Louis Lester, Jr., is Mr. Walters' business partner and the brother of Mr. Walters' wife. There is no official record of a notary public named Louis Lester, Jr. in any county in the State of Georgia on February 28, 1966, PX 168. A falsified notarization on a document calls into question the credibility of any witness who would resort to such extreme conduct.

*Mr. Walters' Work Went Into Disuse Without Being
Communicated to the Public*

Mr. Walters testified that he had quit making seaming tape by about May, 1966, Walters TR. 91:4-20. He never

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pursued the manufacture of his tape on a commercial basis, Walters TR. 76:16-18. He never started along the path to make his work public by applying for a patent, Walters TR. 91:22-25. He never took any steps to bring his ideas to public knowledge by giving any demonstrations, publishing articles, or contacting local newspapers or installation trade magazines, Walters' TR. 92:2-11. Mr. Walters never contacted any installation products manufacturer concerning his invention until after the Burgess patent had issued and it had already become apparent to him that hot-melt seaming was a successful invention, Walters TR. 92:12-20. Even then, his purpose was not to enrich the art but himself by advancing a "... legal claim ..." for himself to a share of whatever money was to be made, PX 166, Walters TR. 94:10-19.

***DEFENDANTS HAVE NOT PROVED BEYOND A
REASONABLE DOUBT THAT MR. WALTERS FACE
SEAMED WITH A HOT-MELT TAPE BEFORE MR.
BURGESS***

The Burgess inventions rest on the concept of face seaming sections of carpet using a paper-backed hot-melt tape prepositioned beneath the sections with heat being applied directly to the adhesive from between the upraised carpet edges.

There is no physical evidence that corroborates Mr. Walters' claim to have made face seams similarly before Mr. Burgess. All the 1966 documentation that has been provided, Dx DE and Dx CQ, describes only the making of back seams. Mrs. Walters never saw her husband make face seams. Mr. Powell does not remember seeing Mr. Walters face seam with a premade tape.

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Mr. Powell did describe seeing Mr. Walters making face seams with a glue gun but that way, "Face up it was a pain in the can...." Even that is only corroboration of rudimentary activities which fall far short of the patented Burgess inventions. As stated in *Stearns v. Tinker and Rasor*, 220 F.2d 49, 55 (99th Cir. 1955),

"The evidence does not show use, commercial or otherwise, but shows only unsuccessful experiments; and such experiments cannot anticipate or negative invention, [citations]."

Such unsupported oral testimony fails the test of proof beyond a reasonable doubt required to sustain the defense of prior invention. A pertinent recent precedent is *Lockheed Aircraft Corp. v. United States*, 553 F.2d 69 (Ct. Cl. 1977) in which the patent-in-suit to one Richter was attacked on the basis of alleged prior invention by two earlier inventors Leopard and Hair. Three persons, Leopard, Hair and a coworker, McMurran, testified to the prior invention. Finding that evidence insufficient to meet the test of proof beyond a reasonable doubt, the Court held,

"Indeed, the oral testimony of witnesses, speaking only from memory in regard to past transaction has, in the absence of contemporaneous documentary or physical evidence, consistently been found to be of little probative value. [citations] Such uncorroborated testimony is insufficient to show anticipation, within the meaning of 35 U.S.C. Sec. 102, of an issued patent [citations]." [At p. 75]

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**THE WORK OF A PRIOR INVENTOR WHICH
WENT INTO DISUSE WITHOUT BEING
COMMUNICATED TO THE PUBLIC DOES NOT
INVALIDATE THE PATENT OF A SECOND
INVENTOR**

The activities of Mr. Walters commenced in January, 1966. They are less than one year before Mr. Burgess filed the application on December 6, 1966 from which all the patents-in-suit issued. There is, therefore, no question of a one year public use or on sale statutory bar under 35 U.S.C. 102(b) involved in this case.

*A Second Inventor Is Not Deprived Of His Patent by the
Efforts Of An Earlier Inventor Which Went Into Disuse
Without Being Communicated to the Public*

The objectives of the patent system are served by an inventor such as Mr. Burgess who both applies for patent protection and makes his invention known directly to the public promptly. They are not served at all by an inventor such as Mr. Walters who neither applies for a patent nor takes any other steps to communicate his knowledge to the public. Even if, *arguendo*, Mr. Burgess was an independent second inventor whose patented inventions had been preceded by Mr. Walters, it has been the law for more than a hundred years that the second inventor is not to be deprived of his patent by a prior inventor whose work went into disuse without communicating it to the public, *Gayler v. Wilder*, 51 U.S. 477 (1850). It is a principle of enduring vitality, *Mason v. Hepburn*, 13 App. D.C. 86

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(D.C. App. 1898); *Gillman v. Stern*, 114 F.2d 28 (2nd Cir. 1940); *Brokaw v. Vogel*, 429 F.2d 476, 480 (C.C.P.A. 1970); *Hughes Aircraft Co. v. General Instrument Corp.*, 275 F.Supp. 961, 983 (D.R.I. 1967). As stated by Judge Learned Hand in *Gillman*,

“In *Gayler v. Wilder*, 10 How. 477, 481, 497, 13 L.Ed. 304, the question was whether the condition—which has always been in the statute—that the patentee must be the ‘first and original inventor’ was defeated by anyone who had earlier conceived the same invention, or only by one who had also in some way made public his results. A majority of the court held that only the second would defeat a patent on the ground that what had not in fact enriched the art should not count; and the doctrine is now well fixed.” [At p. 31]

Without proof that whatever face seaming work with hot-melt Mr. Walters may have performed was communicated to the public or to Mr. Burgess (see following section), such work also fails as prior art for purposes of an obviousness defense under 35 U.S.C. 103. As held in *In re Clemens*, 622 F.2d 1029 (C.C.P.A. 1980),

“To the contrary, where this other invention is unknown to both the applicant and the art at the time the applicant makes his invention, treating it as 35 U.S.C. Sec. 103 prior art would establish a standard for patentability in which an applicant’s contribution would be measured against secret prior art. Such a standard would be detrimental to the innovative spirit the patent laws are intended to kindle.” [At pp. 1039-1040]

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The present case comes squarely within the foregoing precedents. Mr. Walters did nothing to communicate his invention to the public. He did not apply for a patent which would, upon its issuance, have informed the public of his ideas. He did nothing to enrich the art by communicating his ideas directly to the public. Mr. Walters short lived efforts died approximately five months after he started and he did nothing further. They benefited no one. If Mr. Burgess had not independently made his own inventive contribution, persevered despite discouragement, and made his inventions a success through his single handed determination and personal effort, there is no reason to believe that carpet installers would not still be squatted on their haunches laboriously sewing carpet seams by hand or waiting around for liquid adhesives to dry on installation jobs. It is what Mr. Burgess achieved with his inventions, not what Mr. Walters gave up on, that the patent system is intended to reward.

**PART B: THE POWELL DERIVATION DEFENSE
BURDEN OF PROOF**

To prove prior invention by another by oral testimony, it is, as previously described, necessary to do so by proof beyond a reasonable doubt, *Barbed Wire, supra*. Logic suggests that the same test should be applied for the defense of derivation because derivation could hardly occur unless it was proved that someone had previously made the invention allegedly derived.

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Defendants, however, assert that the test should be proof by "... clear and convincing evidence ..." citing *Johnson & Johnson v. W. L. Gore & Associates*, 436 F.Supp. 704 (D. Del. 1977) and *Campbell v. Spectrum Automation Company*, 513 F.2d 932 (6th Cir. 1975). Even if that burden of proof is applied, the proofs presented here still fail. They fall far short of clear and convincing evidence that Mr. Powell disclosed the patented inventions to Mr. Burgess.

**THE PROOFS PRESENTED ON DERIVATION
FROM POWELL**

Mr. Burgess

In his trial testimony on July 13, 1977, Mr. Burgess testified as follows concerning the demonstration by Mr. Powell:

"Q. Will you describe as well as you can remember after this long time what Mr. Powell did demonstrate to you?

"A. Mr. Powell—I gave Mr. Powell a couple of scraps of carpet and he trimmed the edges for a back seam process, that you would normally do for any type carpet, and he took the glue gun and extruded adhesive along the abutted edges of those two pieces of carpet, about six inches long, and then he took a piece of burlap that he cut and placed on the hot melt.

"Q. Now was the carpet with the pile facing up or the pile facing down at this time?

"A. The pile was facing down.

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"Q. And he extruded the hot melt on the backs of the carpet along the edges, is that right?

"A. Along the edges, yes.

"Q. And then put a strip of burlap on it?

"A. Yes.

"Q. Did Powell tell you that it was his idea to pre-coat the tape with hot melt and reactivate it later?

"A. No, that was my idea.

"Q. Did Powell ever describe the idea of pre-coating the tape to you?

"A. No. Powell told me that he was going to work on a larger glue gun, that he had a friend in the machine shop business in North Carolina and he was going to get him to make a larger glue gun for him. And every time Powell stopped by on his regular trips I would ask him if he had developed the gun and he said, 'No, I'm still working on it,' but he never did produce the gun.

"Q. Did Powell demonstrate or tell you about the use of any kind of barrier, newspapers, for example?

"A. None at all.

"Q. Did Powell tell you how much adhesive you have to have per foot?

"A. No, he didn't." [TR. 23:11-24:20]

Although Mr. Burgess' testimony on the resumed trial on August 6, 1980 has not yet been transcribed, it was unchanged to the recollection of Plaintiff's counsel.

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Charles Hall

As Mr. Powell testified, there was one of Mr. Burgess' employees present "...all of the time..." during Powell's visit Powell Dep. 38:5-6. Mr. Charles Hall, a former employee of Burgess Carpet Center, testified that he was present with Mr. Burgess "...during the entire time..." of Mr. Powell's visit, Hall Dep. 8:12-16 and 16:5-9. Mr. Hall described what occurred during Mr. Powell's visit as follows:

"Q. Can you describe what you remember of that visit.

"A. On that visit during the contact, and I'm sure you want to know about the glue, he had a small glue gun that I think was from American Shoe Company, also their glue pellets, and he wanted to show Charlie and myself a demonstration that he had seen some place. And he had us get an old sample and we cut the sample in two pieces and he took the glue gun that had been plugged in and heating and took the pellet and ran a small bead of glue along the edge, the cut edge, of one piece of carpet. And after running the bead he stuck the two pieces together and we laid it on the floor. And after talking a few more minutes to Charlie about, I think, the strength of the glue, the fact that he had seen it and it was awfully hard to pull loose, he had us try to pull the two pieces of carpet loose. And Charlie and I, after some effort, pulled it loose. It had quite a bit of strength." [Hall TR. 4:16-5:8]

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Hall testified on direct examination that Powell did not describe the use of, or show the use of, a tape of any type on that occasion, Hall Dep. 6:25. Nor did Mr. Powell describe face seaming with hot-melt glue, Hall Dep. 7:23-25. On cross-examination, Mr. Hall testified further as follows:

"Q. Are you absolutely positive that Mr. Powell never offered the suggestion to use carpet seaming tape in conjunction with the glue, whether it be face seaming or back seaming to seam carpet?

"A. No.

"Q. You are not sure?

"A. No.

"Q. He could have made that suggestion?

"A. Not on that first meeting.

"Q. You are positive he didn't say anything about it on that first meeting?

"A. I'm positive. The only thing that was talked about was the glue gun." [Hall Dep. 15:4-16]

* * * *

"Q. How long normally did he [Powell] spend when he came up to take an order?

"A. Probably 30 minutes for the order and two hours shooting the breeze. He was a nice guy and I like him. I think the fact that he presented an idea, it was great. But the idea of the iron, the idea of top face seams were Charlie Burgess' entirely. Didn't have anything to do with Buz.

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"Q. You say he showed you the idea with the glue, butting the carpet—

"A. The strength of the glue. I think the formulas, the many nights that we all spent including myself with different formulas and Eastman Kodak down, and the seaming tape or the heat melt tape was strictly a Burgess product. It had not one darned thing to do with Buz. The seed was planted. You know, if you plant a seed and a farmer raises it he gets the benefit of the crop." [Hall Dep. 18:23-19:14]

* * * *

"Sure, Fuz talked to Mr. Burgess several times about ideas at later times but nothing was said about an iron. Mr. Burgess, as far as I know, at that time was the only one working with a face seam and using an iron." [Hall Dep. 21:17-20]

Buzz Powell

Mr. Powell testified that he had demonstrated using a glue gun to Charles Burgess to glue two pieces of carpet together without a tape and also making a back seam with the glue gun utilizing some jute as a reinforcer, Powell Dep. TR. 29:21-30:10. Mr. Powell confirmed that he did not use an iron at all during his demonstration with Mr. Burgess, just the glue gun, Powell Dep. 32:16-20.

In describing how he made the back seam, Powell said that he would have taken two pieces of carpet, put the glue onto the carpet backs and put tape on top of the glue, pressing it in, Powell Dep., 35:21-36:15. He also

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claimed he had told Mr. Burgess that Walters had used standard seaming tape with adhesive on it having a paper backing, Powell Dep. 32:21-33:1.

Mr. Powell's description of the face seaming demonstration, that he claims he made, was as follows:

"Q. Do you remember specifically how you did the face-seaming?

"A. I don't remember the specifics of how I did it. I remember doing it.

"Q. As best as you can recall?

"A. We weren't working with big pieces of carpet. We were working with things like two or three feet long because it's easier to handle it and it's scrap. I remember we put some tape down and I just worked it in by using the glue gun and working it in from the face. You work your seam together, and that's the way I did it." [Powell Dep. 36:16-25]

Powell has never produced a single 1966 document or piece of physical evidence to corroborate his testimony, Powell Dep. 15:18-25.

CREDIBILITY

The status of being an inventor does not, as Defendants appear to assume, automatically stigmatize Mr. Burgess as a person less worthy of belief than other citizens. No evidence has been presented attacking Mr. Burgess' reputation for truthfulness. His testimony has not been shown to be any less deserving of credibility than Mr. Powell's.

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Mr. Charles Hall has no reason to shade his testimony in favor of Mr. Burgess. As Defendant brought out on cross-examination, Mr. Hall is somewhat resentful of Mr. Burgess, as follows:

"Q. Within the last 13 to 14 years since this all took place who have you spoken to in regard to this event?

"A. Probably everybody that worked at Burgess because I griped a lot about Charlie selling the company when I ran his company for five years. I was supposed to run it, keep his seaming company going, and I was supposed to never have to worry again as long as I lived, and he gave me a check for \$25.00, so, you know, any testimony I give here is honesty because I feel like Charlie gave me a shaft, so you can go from there.

"Q. You say you haven't spoken to Mr. Burgess in ten years.

"A. Probably longer than that but ten; I'm estimating. Not since he sold the company have I spoken to him." [Hall Dep. 11:9-22]

Mr. Powell, as described by Mr. Walters, is "... a big talker", Walters TR. 87:11-18. Mr. Stamm, who testified in 1977, described Mr. Powell as follows:

"Q. Did he [Powell] have any involvement in this heat seaming development?

"A. Not to my knowledge, he didn't. I mean we discussed things. Buzz would sit around the shop and talk for hours on and about, you know, melting

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really. He never come up with any idea of his own. It was always somebody else's idea that he thought he could capitalize on. But as far as I know, he never did.

"Q. When did you have these conversations? After the time that you learned about the Burgess invention?

"A. Yes.

"Q. What sort of man was Powell?

"A. Well, he is kind of a guy, a salesman that exaggerates a lot. If you are buying anything from him, you have to be real careful because he will oversell you on the product. He is a little bit—I don't know what the word is." [Stamm Dep. 21:19-22:11]

Since these events of 1966, 14 years ago, Mr. Powell has met in numerous conferences with Mr. Walters, Powell Dep. 60:12-61:13, and on several occasions with the attorney, Leonard Kalish, who formerly represented Consolidated Foods, Powell Dep. 56:1-58:23. Mr. Powell's recollection appears to jumble together earlier and later events as though they had all occurred together before his demonstration visit to Mr. Burgess. It is streaked with inconsistencies with other evidence and testimony, as well as its own internal conflicts.

For example, Mr. Powell testified that the Warm Springs Golf Shop job was installed with a precoated tape having a backing and that it was applied to the backs of the carpet sections by an iron, Powell Dep. 63:1-

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64:9. Yet the carpet pieces removed from the Warn Springs shop, Dx DN, have no backing and the method of installation was by applying glue to the carpet backs with a gun and pressing on an open mesh tape with the top of the glue gun, Walters TR. 87:3-10. Powell testified that Mr. Walters showed him his correspondence with United Shoe Machinery Company, Powell Dep. 17:17-25, on his first visit to Walters which was two or three days before February 4, 1966, Powell Dep. 6:20-7:1. Yet the earliest correspondence Walters had with U.S.M. was on March 3, 1966, Dx CN. Mr. Powell testified on direct that he remembered writing and sending a letter to Mr. Walters dated October 7, 1966, Dx DQ, Powell Dep. 46:13-47:4. Yet, on cross-examination, and at his 1974 deposition, he testified that he did not remember the letter at all, Powell Dep. 55:2-3.

DEFENDANTS FAIL TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THAT THE BURGESS INVENTIONS WERE NOT ORIGINATED BY HIM BUT WERE DISCLOSED TO HIM BY POWELL

Every successful inventor, in his journey between the womb and the Patent Office, finds the seed for his invention somewhere in the prior art. He adds to it his own original contribution which brings it to the level of patentable invention. If Powell did no more than show Burgess that you could make a back seam with hot-melt glue and a tape, he did no more than show Mr. Burgess to the prior art. It would no more provide a basis for a derivation defense than if Mr. Burgess had reached that

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stage by reading Bigelow Sanford's cited patent No. 2,395,257 to Dildilian, PX 14, issued twenty years earlier in 1946, or any of the numerous similar hot-melt back seaming patents cited.

For a derivation defense, Defendants must show that Powell disclosed more—at the least the concept of face seaming with a precoated hot-melt tape. Such a defense hangs solely on the oral testimony of Mr. Powell. Defendants have not produced a single contemporary document to support Mr. Powell's testimony. The only witnesses to the disclosure which Powell made to Mr. Burgess are Mr. Burgess himself and Mr. Hall. Their testimony does not corroborate Mr. Powell. Their testimony squarely contradicts him.

A case closely on point involving a defense of derivation, based on an alleged courier between an asserted prior inventor and a patentee, is *Johnson & Johnson v. W. L. Gore & Associates, Inc.*, 436 F.Supp. 704 (D.Del. 1977). In that case brought by Johnson & Johnson on one of its patents, the defendants showed that the invention had been previously made by certain technical personnel at duPont and attempted to prove that it had been relayed by a duPont salesman, Charles Carr, to certain Johnson & Johnson employees, including the inventors on the patent-in-suit. The testimony of those at Johnson & Johnson who had witnessed the disclosure which Mr. Carr claimed he had provided, did not support Mr. Carr's claims. Nor did any contemporary documentation support Mr. Carr's story. Accordingly, the defense failed for lack of corroboration (at p. 715). The Court concluded,

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"Derivation from a third party cannot be established unless communication to the named inventors is proved. Defendant has not carried its burden of proof with respect to that communication and consequently, the defense of derivation is without merit." [At p. 717]

The testimony of Mr. Hall and Mr. Burgess contradicts the testimony of Mr. Powell which is not supported by any 1966 documents. Accordingly, Defendants have failed to carry their burden of proof by clear and convincing evidence and the derivation defense fails.

Respectfully submitted,

FULWIDER, PATTON, RIEBER,
LEE & UTECHT
By LAURENCE H. PRETTY
Laurence H. Pretty
Attorneys for Plaintiff

Date: September 4, 1980

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and the Powell Derivation Defense.*

CERTIFICATE OF SERVICE

I hereby certify that I am a member of the bar of the State of California and of this Court and that the foregoing PLAINTIFF'S POST TRIAL BRIEF ON THE WALTERS' PRIOR INVENTION DEFENSE AND THE POWELL DERIVATION DEFENSE was served on Defendants Best Seam Incorporated, Vectron Industries, Inc. and Eugene J. Tasse this 4th day of September, 1980, by causing a copy to be hand delivered to the offices of Smyth, Pavitt, Siegemund, Jones and Martella, 4262 Wilshire Boulevard, Suite 320, Los Angeles, California 90010 to the attention of William H. Pavitt, Jr., Esq., attorneys for such Defendants.

LAURENCE H. PRETTY
Laurence H. Pretty